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# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER  
Thursday November 26 1987

D 8523 A

Tokyo: Brokers  
ride out the  
storm, Page 25

## World News Business Summary

### Freedom of expression promised in China

Direct Communist Party control over the arts in China would be eliminated, Vice-Minister of Culture Ying Ruocheng promised in the clearest statement by a senior official endorsing freedom of expression.

His comments marked a sharp contrast with traditional party policy towards arts and literature established in the early 1940s by Mao Tse-tung, Page 20

### Italians shun strike

Many industrial workers showed indifference to a four-hour general strike call by Italian unions, Page 20

### Moscow prices reform

The Soviet Union would introduce a new system of wholesale prices from 1990 and retail prices from 1991, a senior economic official said, Page 3

### North Sea clean-up

Agreement to reduce North Sea pollution was reached at an eight-nation ministerial meeting in London, Page 10

### French cheese danger

The sale of five French-produced soft cheeses was halted in Sweden after a dangerous bacteria was found in one of the brands.

### Airlines action shelved

The EC postponed a decision on whether to take fresh legal action against nine airlines to force them to abandon cartel agreements.

### Red Army terror alert

Japan's ultra-radical Red Army might be planning terrorist attacks against the 1988 Summer Olympics in Seoul, Japanese and Korean newspapers reported.

### Nigerian military aid

Nigeria said it had offered military training facilities to ANC guerrillas in South Africa. Nigerian currency auctions, Page 6

### Ershad faces turmoil

Bangladesh police were ordered to increase security in main towns while President Ershad faced fresh political turmoil as opposition parties prepared for new three-day strike against his Government.

### E. Germans raid library

East German security men raided a church library in East Berlin, seized printing equipment and literature and detained five people connected with an environmental and human rights group, Page 3

### Yugoslav pay rise

Miners in Bosnia-Herzegovina republic, Yugoslavia, won a 60 per cent pay rise after a five-day strike. Serbia party clash, Page 3

### Swiss impose visas

The Swiss Government, aiming to reduce illegal immigration, said passengers from 10 nations would need transit visas to pass through Swiss airports, Page 2

### More Haiti violence

Two people were killed in Haiti, bringing to five the number killed on the eve of the nation's first presidential elections in 20 years, Page 6

### Argentine strike call

Argentina's trade union confederation called a 36-hour general strike for December 8 and 9 to protest against President Raul Alfonsin's economic policies.

### Beirut camp clash

Heavy fighting flared between Shia gunmen and Palestinian guerrillas defending a Beirut refugee camp.

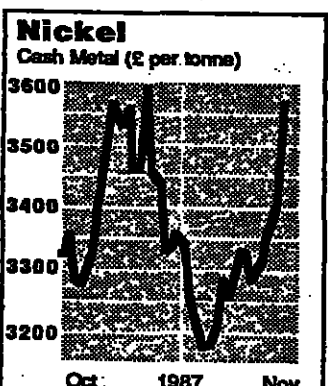
### AIDS theft warning

Spanish police issued a warning that test tubes stolen from a car in Seville, along with crates of medicine, contained AIDS antibodies and should not be handled.

### Primerica to back Triangle buy-out

PRIMERICA, US financial services company and largest independent shareholder in Triangle Industries, leading US manufacturer of metal cans and bottles, will back a controversial \$1bn buy-out of Triangle by its two founders and controlling shareholders, Page 21

NICKEL PRICES climbed to six-year highs in dollar terms on the London Metal Exchange, helped by speculative demand



### WALL STREET: At 2pm the Dow Jones industrial average was down 3.65 at 1,959.88, Page 44

TOKYO: Strong demand for large capitalisation stocks lifted the Nikkei average to close at 23,219.69, a gain of 383.67, Page 44

LONDON: Uncertainty over the dollar hit equities and bonds. The FT-SE 100 index closed down 25.0 at 1,664.1 and the FT Ordinary index shed 18.6 to 1,316.6. Details Page 40

STEELING rose over 2 cents to \$1.7945 and improved to DM2.9925 (DM2.99); to FF10.1550 (FF10.1550); to SF2.46 (SF2.4655) and to ¥241.75 (¥242.25).

NIPPON TELEGRAPH and Telephone, Japan's telecommunications giant, reported pre-tax profits up 16.2 per cent in six months to September on the strength of cost-cutting measures and improved marketing, Page 22

STATOIL, Norway's state oil company named Mr Jan Erik Leisanger, 37, president of Statoil, Norway's largest insurance company, as its new chairman.

ELECTROLUX of Sweden, world's leading white goods maker showed a 26 per cent jump in profits to SKr604m (SKr604m) in the third quarter on sales up 22 per cent to SKr16.5bn, Page 23

BOMBARDIER, Canadian transport and aerospace group, earned \$42m for the first nine months of 1987, up from C\$23.3m (US\$32m) a year earlier, on revenues of C\$1.01bn, against C\$715m, Page 21

SANDVIK, Swedish cemented carbide and special steels group, showed a 4 per cent rise in nine months to pre-tax profits to SKr1.37bn (\$225m) on stagnant sales of SKr9.382bn, Page 23

HONG KONG TELEPHONE, quoted subsidiary of Britain's Cable and Wireless group which has a monopoly on telephone services in the territory, lifted profits 22 per cent to HK\$45.1m (US\$69.5m) for half year to September, Page 22

NATIONALE-NEDERLANDEN, largest insurance company in the Netherlands, edged net profits up 6 per cent to F1 463.5m (\$245m) from F1 435.5m a year earlier, Page 23

DORBYL, South African heavy engineering company, increased sales in the year to September to R1.72bn (\$670m) from R1.5bn with pre-tax profit at R77.9m against R54.2m, Page 22

NATIONAL MUTUAL Royal Bank, jointly owned by Royal Bank of Canada and National Mutual, Australia's second largest insurance group, posted profits of A\$6.5m (US\$4.5m) versus A\$5.9 losses the previous year, Page 22

## US to halt cruise missile deployment in Western Europe

BY QUENTIN PEEL IN BRUSSELS

THE US has agreed with its Nato allies that no further intermediate range nuclear missiles (INF) will be deployed in Western Europe from December 8 - the date President Ronald Reagan and Mr Mikhail Gorbachev will sign the treaty to scrap these weapons over the next three years.

European governments yesterday unanimously welcomed the treaty's completion, despite some doubts in West Germany about its contents and disagreements about what should be the next step in arms control.

Mr George Shultz, the US Secretary of State, announced the agreement in Brussels yesterday, where he flew to brief Nato foreign ministers and ambassadors on the outcome of his talks in Geneva with Mr Eduard Shevardnadze, the Soviet Foreign Minister.

The decision to halt deployment, even before the US Congress has ratified the INF treaty, will remove a major political headache for those countries providing bases for cruise missiles - in particular Belgium and the Netherlands, as well as the

UK, Italy and West Germany. The decision means that the Molesworth base in the east of England, scheduled to take 64 missiles, will now not be used. There are already 96 launchers in place at Greenham Common, west of London.

In Belgium, where the Government goes to the polls on December 13, further missile deployment has been a major election issue. Both Belgium and the Netherlands had been strongly resisting US pressure.

Lord Carrington, the Nato secretary-general, said: "The Council enthusiastically welcomed the INF agreement, and looked forward to its signature as a landmark in the process of disarmament."

There was a widespread welcome from the Europeans on three fronts: for the decision not to insist on further missile deployment; for the success of the US in negotiating a clearly

asymmetrical deal with the Soviet Union, which is removing more than four times more warheads than the US; and for the verification measures agreed to allow for inspection of missile sites - and factory gate inspections at missile manufacturing facilities.

Sir Geoffrey Howe, the British Foreign Secretary, welcoming the agreement, said: "It is a statement that Nato had achieved everything it wanted under the proposed pact."

The terms justified the decision by the North Atlantic Alliance to deploy US-built cruise and Pershing missiles, and he added, "bears witness to the determination and unity of the Nato countries."

The West German Government, parts of which were firmly opposed to the INF deal in its present form only seven months ago, put on a brave face and welcomed the Geneva agreement.

Chancellor Helmut Kohl said he greeted the news that the US

Continued on Page 20  
Editorial comment, Page 18

## Bonn plans measures to boost domestic growth

BY PETER BRUCE IN BONN

WEST GERMANY plans to make concrete progress soon on ways to boost domestic economic growth following the US budget deficit agreement. Bonn's Finance Minister, Mr Gerhard Stoltenberg, said yesterday.

Separately, the Bundesbank again signalled its readiness to support the US currency by cutting its interest rate on three-day Treasury bills from 3.2 per cent to 3 per cent.

Mr Stoltenberg said West Germany was now being asked whether it had room to manoeuvre beyond the measures, including a bigger tax cut, that it had agreed to in the Louvre currency accord in February. "Following the American budget agreement, we, the Government and Bundesbank together, are studying this in close contact with our European partners," he said.

But he did not say what new measures were possible and seemed to rule out any deliberate increase in next year's planned budget deficit of nearly DM30bn. However, while confirming a fundamental easing of West Ger-

man hostility to calls for additional pump priming economic measures, Mr Stoltenberg warned that in so doing the Government would have to engage in brinkmanship.

He praised last week's budget deficit compromise between the US Administration and Congress and said that it met the most important precondition for quieting the turbulence on world equity and currency markets.

"We expect rapid progress towards the appropriate legislation," he added.

Mr Stoltenberg was particularly scathing about charges in the past few weeks, mainly from the US, that West Germany was not doing enough to cut its trade and current account surpluses.

The transatlantic debate about which country should do what had "evoked mistrust about the implementation of agreed international co-operation (the so-called Louvre currency accord) and played a decisive role in the slump in world markets," he added.

In a thinly disguised attack on Mr Edzard Reuter, the chairman of the Daimler Benz motor group, West Germany's biggest company, Mr Stoltenberg said that he blamed Bonn for following deflationary policies while its budget deficit and the money supply were growing was "completely absurd".

Mr Reuter, a supporter of the opposition Social Democrats, said in New York last week that the world

Continued on Page 20  
Currencies and equities, Section II

## Brussels proposes phased end to quotas on steel production

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission yesterday proposed the ending of output controls on most of the steel production under its control by next July and the liberalisation of the rest by the end of 1990.

Brussels' call for a step-by-step end to the seven-year-old system of steel quotas is a serious blow to Europe, which represents the major integrated steelmakers.

The group has lobbied fiercely to retain the full range of quotas for another three years. The quotas help to support prices for 60 per cent of the community's 130m tonnes annual steel output.

The 17-man Commission agreed at its full meeting that quotas should stop at the end of the year for wire rod and merchant bar, representing just over 20 per cent of EC steel output.

But the most controversial part of the package is proposed liberalisation for hot and cold-rolled coils, accounting for roughly 30 per cent of output, by July 1988. These account for the hard core of 10m tonnes out of the industry's 30m tonnes of total surplus capacity and represent the sector where the industry has found it hardest to come up with voluntary closures from the big state-owned mills that domi-

nate hot-rolled production. The remaining products left in the quota system, heavy plate and heavy sections, which represents another 10m tonnes of overcapacity, would also be freed from controls next July, unless the industry comes up with adequate production cuts first.

If the Commission receives firm guarantees of plant closures in heavy plate and heavy sections by March 15 next year, it is proposing to let quotas run on until the end of 1990 on the grounds that demand for those products continues to be depressed, while orders for hot-rolled coil are buoyant.

Commission officials said average capacity utilisation in heavy sections and plates was running at a mere 58 per cent, well below the 75 per cent average achieved by hot-rolled coil producers.

That compares with the 80 per cent capacity utilisation rate that Brussels estimates is the minimum for commercial viability.

It was unclear yesterday whether the plan, described by Commission officials as a "soft landing" for the industry will attract a majority of member states when EC industry ministers meet to debate it on December 8.

However, Commission officials said that the package does include earlier plans to provide roughly Ecu 570m (\$1.07bn) from EC social and structural funds to help cushion the impact of the more than 80,000 redundancies which the industry expects to make over the next three years.



Mr Robert Holmes: a Court's selling assets

## Icahn buys Texaco stake for \$348m

By James Buchanan in New York

MR ROBERT HOLMES, a Court, the Australian entrepreneur who has sold off big parts of his business empire since the world stock-market crash last month, has sold half his 10 per cent stake in Texaco to Mr Carl Icahn, the US corporate raider, at a \$100m loss.

The \$348m deal is new evidence that the Australian may be conducting a sale of assets to meet debt payments at his highly leveraged companies. It also brings new uncertainty to Texaco, the beleaguered US oil group which has taken refuge in bankruptcy from a \$10.5bn damages judgement.

Mr Icahn, who controls about 76 per cent of Trans World Airlines, announced yesterday that TWA had bought 12m shares of Texaco from Mr Holmes a Court's Bell Resources for \$29 a share. TWA said that it had a right of first refusal and a voting proxy over the remaining 12.1m Bell shares in Texaco.

The purchase gives Mr Icahn, one of the most aggressive and successful US takeover specialists, voting control over 12.3 per cent of Texaco. Mr Icahn is

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## Saudi Arabia wants to buy minehunters

BY DAVID BUCHAN AND LYNTON MCCLAIN IN LONDON

SAUDI ARABIA is seeking to buy eight minehunting ships from the Netherlands and Belgium. Europe in the first concrete response by a non-belligerent Gulf state to deal itself with the growing mine menace in the region.

It has invited bids from Britain, Italy and the French-Dutch-Belgian consortium which makes the Tripartite minehunter to supply eight ships in a contract that, with associated training, could be worth between \$250m (\$442m) and \$300m. From the UK, Vesper Thornycroft is offering its Sandown class single role minehunter, while Intermarine of Italy is putting its Lerici class minehunter forward.

The outcome of the contract competition could have a significant influence on smaller Gulf states like Kuwait, Oman and the United Arab Emirates which are considering buying mine counter-measure equipment.

At present, the detection and destruction of mines in the Gulf, mostly sown by Iran, has been left entirely to the flotillas of the

US, the UK, France, Italy, the Netherlands and Belgium.

US and British ships have discovered more than a dozen mines in recent weeks.

The Saudis, who sent out the invitations to tender some six weeks ago, are believed to want to move relatively quickly. The purchase is being given a higher priority than the half dozen submarines Saudi Arabia said last year it was interested in buying and for which several European yards, including Vickers Shipbuilding and Engineering of the UK, have submitted bids. The submarines are not seen as having any direct use in the current phase of the Gulf war.

The flare-up in the Gulf since the summer has produced an upsurge in mine countermeasures, but the Saudi request for tenders is the first firm move. A contract to build as many as eight ships could take some time to fulfil, although some European governments might be prepared to let the Saudis have a few ships directly out of their naval inventories.

## Jordan tries to woo Syria from Iran

BY TONY WALKER IN CAIRO

KING HUSSEIN of Jordan travelled to Damascus yesterday to press for reconciliation between the previously estranged rulers of Syria and Iraq. The immediate aim is to persuade Syria and Iraq to resume diplomatic relations, a move which officials in Jordan have been saying is imminent.

Although the talks are moving slowly, a full reconciliation between Syria and Iraq, which can be two of the Arab world's most implacable enemies, would represent a sea-change in the region with important implications in the war between Iraq and Iran.

King Hussein brought bitter rivals, Presidents Hafez al-Assad of Syria and Saddam Hussein of Iraq, together two weeks ago at an emergency Arab summit in Amman.

This followed a secret meeting between the two leaders of rival wings of the Arab Baath Socialist party held early this year in the Jordanian desert.

King Hussein, with the backing of moderate Arab rulers in the Gulf, is trying to persuade Mr Assad to lessen his support for Iran in the Gulf war.

Damascus's backing for Tehran is seen as the main impediment to the formation of a united Arab front against Iran.

Syria, however, is showing no sign of abandoning its links to Iran. Rather, it seems to be attempting to increase its room for manoeuvre between the Gulf war protagonists, but not at the expense of its relations with Tehran.

Faruq al-Shara, Syria's Foreign Minister, said after the Amman summit that political differences with Iraq "could not be mended with an embrace or a handshake."

"We are not with the censure of Iran, but we are against its occupation of Iraqi territory," Mr al-Shara was quoted as saying. Syria was party to a firm party resolution that condemned Iran's failure to agree to UN calls for an immediate ceasefire in the Gulf conflict.

Arab observers in the region view as promising developments in relations between Damascus and Baghdad since the summit. Respective media have toned down hostile commentaries which were a feature of the relationship.

King Hussein is also expected to visit Baghdad soon in an effort to build on the reconciliation process.

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## EUROPEAN NEWS

## East Germany cracks down on Berlin 'greens'

BY LESLIE COLITT IN BERLIN

THE East German authorities moved yesterday to break up the country's only independent environmental and human rights group which operated from a Protestant church in East Berlin.

Ignoring protests from the vicar, officials of the State Prosecutor's Office and the Ministry of State for Security moved at night into basement rooms of the Rectory of Zion Church in Prenzlauer Berg. They removed dozens of boxes with material from the group's unique environmental library which opened last year.

Five people associated with the group were detained and later released after being warned to stop their "illegal" activities. Another arrest, of a peace movement activist, was also reported in East Berlin. Minsograph machines used to publish an environmental information bulletin were seized.

The midnight raid ended official tolerance of the environmental group and threatened to damage much improved relations between church and state. Protestant officials in East Berlin said it was the first search of church premises since the Stasiist 1950s. East Berlin church officials said the authori-

ties were especially angered by a publication called Grenzfall (border case) issued by the group which was critical of the East German political system.

Although East Germany has some of the worst air and water pollution in Central Europe, it publishes virtually no information on its environmental problems. An environmental protection agreement, however, was signed with West Germany last September.

The East German Protestant church has sheltered grassroots environmental and civil rights groups which have become increasingly outspoken. In response to official pressure, the church earlier this year cancelled a "peace workshop" which in past years had allowed young people to discuss environmental and human rights issues.

At a church synod last September in Goerzitz, Mr Helmut Falke, a priest in Ebert, called for an "openness" within East Germany which would match the "controlled opening" in East German foreign policy toward the West. He urged the adoption of a petition calling for free travel to Poland and the right to travel to the West.

## Moscow to reform prices from 1990

By Patrick Cockburn in Moscow

THE SOVIET Union will introduce a new system of wholesale prices from 1990 and retail prices from 1991, according to Mr Valentin Pavlov, the chairman of the State Committee for Prices (GSCP).

Mr Pavlov, appointed last year to reorganise the Soviet pricing system, is the latest and most senior Soviet economic official to explain to the public through the trade union daily *Pravda* that traditional subsidies are eating into the budget and must be cut.

The Government is evidently concerned at the hostile public response earlier this year to plans to change the system of keeping the price of basic foodstuffs and accommodation low.

On average, Soviet consumers pay half what it costs to produce the food, Mr Pavlov says.

Explaining the history of subsidies in the Soviet Union and the cheap food policy, Mr Pavlov says the first state subsidies were introduced for food in 1965. They have risen together with output and will total \$7bn roubles (\$87bn) for meat and milk in 1987.

## Popular attitudes

The aim of the campaign is to educate the public about price reform well before the system is introduced.

The success or failure of economic reforms in East European countries such as Hungary and Poland has generally turned on popular attitudes to higher prices.

According to Mr Pavlov the price of wholesale goods and freight tariffs will change from January 1 1990 and retail and construction prices the following year.

In the past he has argued that the real problem of the pricing system is not merely high and growing subsidies for foodstuffs.

He says that by keeping fuel, raw materials and other inputs below cost price a whole system of concealed subsidies ensures that final prices bear no relation to real production costs.

## Commission sounds knell of steel quotas

BY WILLIAM DAWKINS IN BRUSSELS

## BRUSSELS COMPLETES MACHINERY STANDARDS PROPOSALS

THE Commission yesterday approved a streamlined system of industrial standards for engineering machinery, writes William Dawkins.

The draft directive means that any attempt by national authorities to hinder free circulation of a vast range of machines and industrial equipment made in other member states will contravene EC law. This is the most far-reaching set of industrial standards to be drawn up under the Commission's "harmonisation" to standardisation. It covers

just over half an engineering machinery market worth Ecu200bn (\$140bn) annually.

The aim is to ensure that groups of products conforming to basic performance and safety minima are guaranteed free access to any member state's market. In the past, industrial standards set by deciding criteria for every component of individual products, a process which led to complex standards that were often out of date by the

time they were decided.

Yesterday's proposal, which is not expected to be ready for adoption by member states before the end of next year, also aims to tidy up the plethora of national technical regulations which block free trade in the sector. Different member states have notified Brussels of 80 national draft regulations on machine safety over the past three years, of which nearly a quarter are contrary to EC free trade laws, said Commission officials.

chance bars, products for which demand is relatively strong, would be scrapped at the end of the year. Production limits for hot rolled coil, which account for 10m tonnes of overcapacity, would go next July 1, though the impact would be softened with a 2.5 per cent enlargement in hot rolled coil quotas for the second quarter of 1988.

That leaves heavy sections and heavy plate, representing roughly another 10m tonnes of surplus production capacity between them. They would also be liberalised in July. The Commission is, however, prepared to let quotas for these two products run until the end of 1990 if the

industry comes forward with "guarantees" of adequate closures by March 15 next year.

Brussels reckons that demand is so weak for heavy plate and heavy sections, which are sold mainly to the depressed construction, shipbuilding and offshore industries, that they deserve special treatment. It has no such sympathy for hot rolled coil producers, despite the fact that they account for the biggest single chunk of surplus capacity. Orders for that product jumped 30 per cent in April, thanks to a revival in demand from car manufacturers, which use flat steel for body panels.

The big integrated producers

will feel that Brussels wants to drag them into a liberalised quota-free market far too fast, and that ending quotas will plunge them into a chaotic price war. Steel users, backed by a British Government wedded to an immediate end to quotas, see the package as a weak and unsatisfactory compromise.

In the middle stand the smaller independent producers, who yesterday gave a guarded welcome to the prospect of a gradual transition to a free market, but feel that the Commission's plan does not do enough to encourage closures. "We can live with it. However, there should

be more financial incentive for the dismantling of plants. Governments should be permitted to disburse aid under certain conditions for effective closures," said Mr Pol Boel, president of the European Independent Steelworks' Association.

Earlier, the "club" of big integrated steelmakers, produced no official reaction yesterday. But many members feel they have not recovered enough to tolerate a free market and that the upturn in orders highlighted by Brussels is only temporary. A Commission official admitted yesterday: "The market is fairly strong at the moment and that is what led us to produce a plan like this. We could not have taken this opportunity at another time."

One diplomat pointed out that announcing a gradual run-down for quotas was illogical in that it would only create confusion on the markets for the products involved during the transitional period. The real joker in the Commission's pack, however, is the risk that the whole scheme could get stuck on a technicality in the Council of Ministers.

The package would normally get by on a majority vote. But it includes a proposal to transfer cash from the EC's general budget to its coal and steel funds to help cushion the social impact of closures - and this needs unanimous support under EC voting rules.

## W German magazines censured over Barschel

WEST GERMANY'S press council

censured Spiegel and Stern magazines yesterday for their reporting of a scandal involving the late conservative politician Mr Uwe Barschel whose body was discovered last month in a bath at a Geneva hotel, Reuters reports from Bonn.

Police said Mr Barschel, who resigned after the scandal, had apparently committed suicide.

The press council criticised Spiegel for a cover story last September which accused Mr Barschel, the Schleswig-Holstein State Premier, of orchestrating a smear campaign against a Social Democratic (SPD) opponent.

The cover story, made public one day before state elections in Schleswig-Holstein, accused Mr Barschel

of dirty tricks without backing up the charge in an inside article, the council said.

The council ruled, however, that Spiegel, whose sympathies are left of the centre, had not sought to influence the state poll by the timing of the article's publication.

It censured Stern whose journalists discovered Mr Barschel's body in the bath and took photographs of it.

The magazine printed the picture of the dead politician in two consecutive issues.

The council said publishing the picture the first time was a matter of legitimate public interest but the second publication was an invasion of privacy.

## Le Pen shadow over local poll

BY IAN DAVIDSON IN PARIS

THE CHIEF dilemma of France's centre-right parties - how to deal with the rise of Jean-Marie Le Pen and his ultra right-wing National Front - faces a critical test in microcosm at next Sunday's second-round run-off of a cantonal by-election in Marseilles.

In the first round in Marseilles' canton 20-A, the Republican Party candidate, with the support of the other centrist and Gaullist parties, led the field, followed by the Socialist. But the Republican score was barely 36 per cent of the vote, so that if Mr Robert Assante is to beat off the left-wing challenge (28 per cent for the Socialist last Sunday and 11 for the Communist), he badly needs the support of the National Front, whose candidate scored an impressive 19 per cent.

The Republican and centrist parties are particularly sensitive to the risk of contamination by association with the National Front, however.

Mr Francois Leotard, leader of the Republicans and Minister of Culture in the centre-right government, has highlighted next Sunday's dilemma by announcing that he would expel from the party any member who formed an alliance with the National Front.

In reply, Mr Le Pen has raised the stakes by publicly refusing to support the centre-right candidate, and calling on his supporters to stay at home. If they follow this advice, the Socialist could well win, since he can probably count on the support of the Communist voters on the day, though everything may yet depend on the turnout. Last Sunday this was barely 40 per cent.

Mr Le Pen's leverage is, on the surface, particularly strong in Marseilles, where the heavy concentration of immigrants from the Maghreb has contributed to a large following for the National Front. But his confrontation with the Republican leader encapsulates the national quandary facing the conservative parties in next spring's presidential elections.

They do not care to be associated with Mr Le Pen; but so long as the National Front appears to have the support of around 10 per cent of the total electorate, they will need to pick up a significant proportion of those votes if they are to recapture the Elysee Palace.

But Mr Le Pen's challenge carries its own risk for his party. His call for his followers to abstain has provoked controversy among Front MPs, and it is not clear that it will really serve the interests of the party. If his followers do stay at home, and the Socialist candidate wins, the "respectable" conservative parties will have had a shock, but Mr Le Pen will be blamed for political betrayal; if they do not abstain, his authority will be seen to be undermined.

## Serbia Communist party clash reaches a climax

BY ALEKSANDAR LEBL IN BELGRADE

THE HEAD of the Belgrade city government, Mrs Zivana Ozbina, resigned yesterday as the struggle between two factions of the League of Communists in Serbia neared its conclusion.

The so-called "differentiation" of the LCS between "majority" and "minority" members, which started two months ago, is ostensibly due to political differences over tactics in the troubled province of Kosovo, but it also conceals personality clashes.

Mrs Ozbina has been criticised for stating that Serbian nationalism had penetrated Serbia's main daily newspaper, Politika.

Last Tuesday the editor-in-chief of Belgrade television, Mr Mihailo Eric, was removed from his job by the Socialist Alliance of Working People of Serbia, the all-Yugoslav organisation dominated by the LCS.

On the same day the Belgrade City Committee of the League of

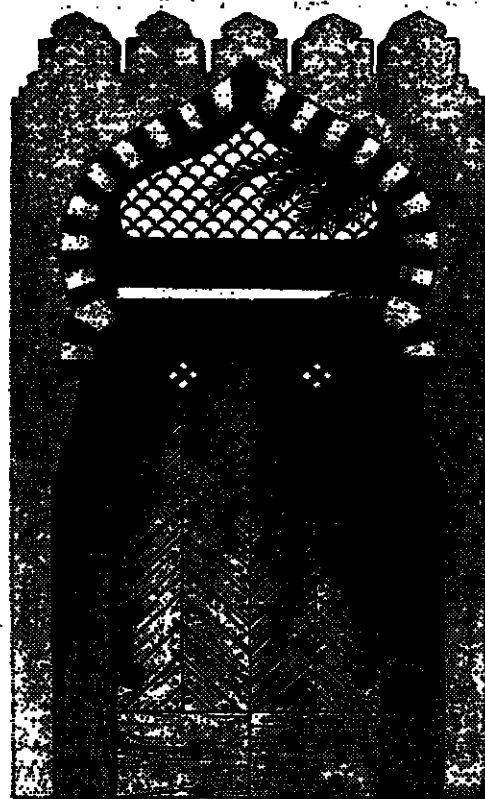
Communists asked for the resignation of Mr Ivan Stambolic, the President of Serbia.

Although at the time of the eighth plenary meeting of the LCS central committee last September it was said that all central committee members have the right to express their views before a decision was made, at numerous party meetings both in Belgrade and in other towns demands have been made to get rid of those who held minority views.

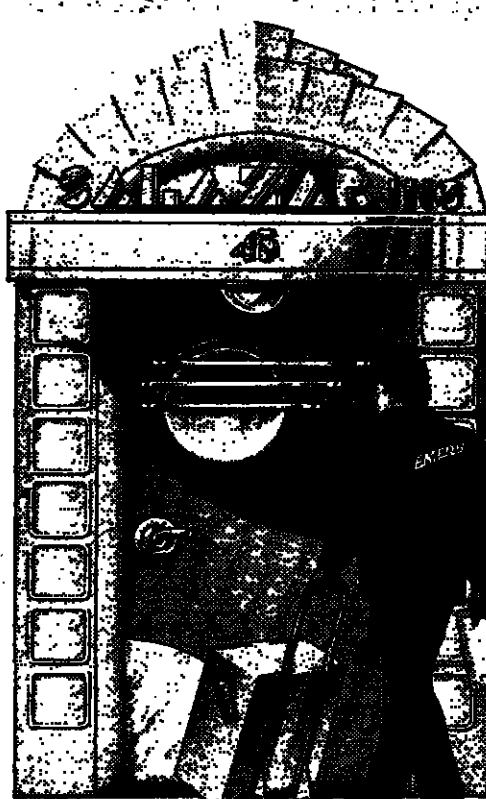
Many members of the League of Communists of Yugoslavia and leaderships in the rest of Yugoslavia have been unhappy with developments in Serbia and have said so. However, there is little they can do about it. Although in theory the all-Yugoslav party could criticise and overrule any of its parts, its "federalisation" has gone too far for that to happen in practice.



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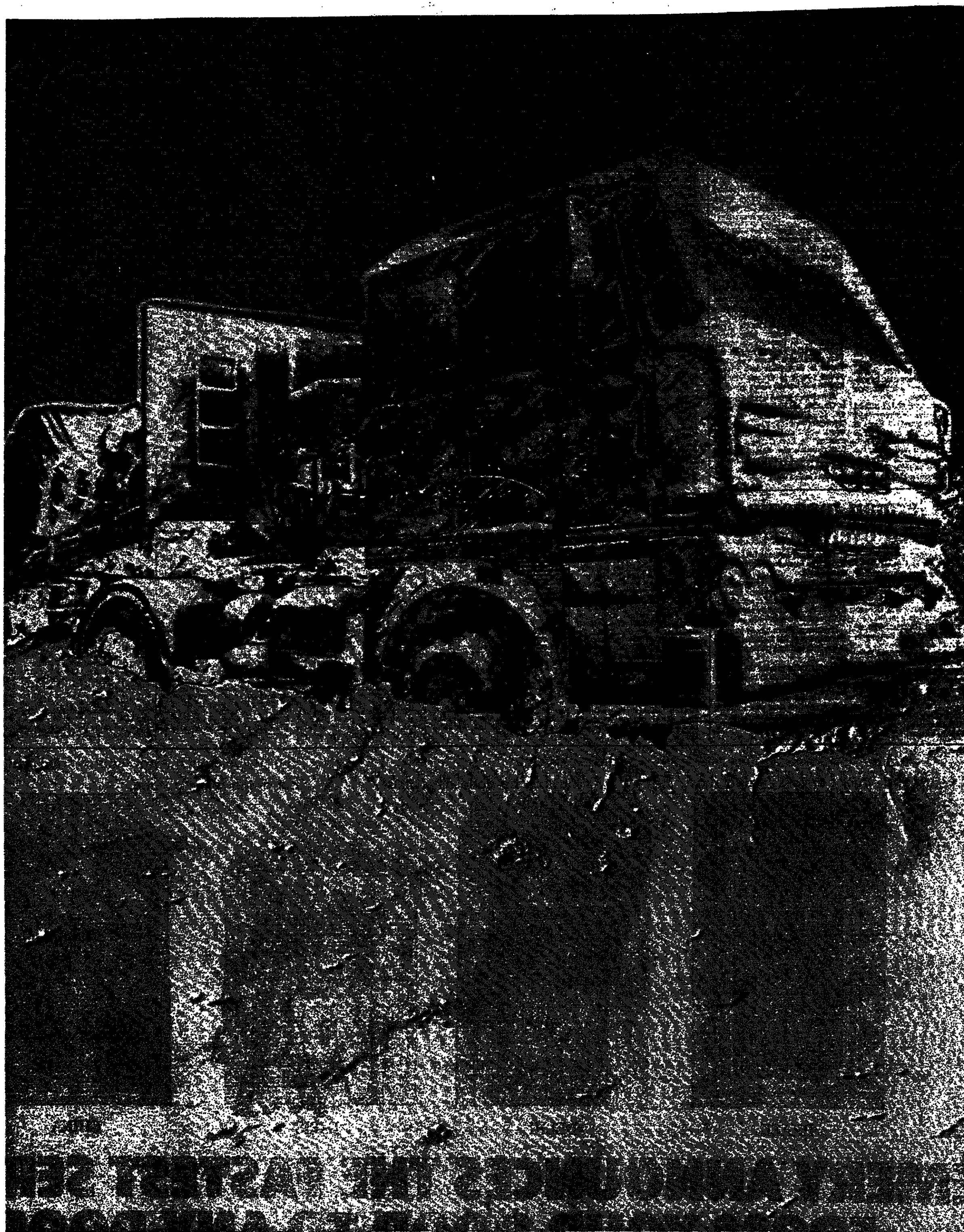
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# Turbocharged. Intercooled. Air conditioned. And stuck in the Ice Age.

Progress can be a two-edged sword.

On the one hand, in the last few years the truck driver's world has improved out of all recognition.

You sit ten feet tall in a comfortably insulated cocoon. Power steering, power clutch, range change and several hundred horsepower are at your disposal.

Air suspension, air conditioning, CB and stereo are there to smooth your passage.

Yet on the other hand, one cold spell can reduce the king of the road to a state of frustrated impotence.

A few flakes of snow, they say, and Britain grinds to a halt.

It doesn't even have to snow at all.

As every self-respecting lorry driver knows, when ordinary diesel fuel reaches the so-called 'Cloud Point' at just under 0°C, waxy particles begin to form.

The lower the temperature, the bigger the particles.

Once they're large enough to block fuel pipes and filters, the engine grinds to a halt. This is known as the Cold Filter Plugging Point (or CFPP for short).

Then all the turbos, intercoolers and 16 speed gearboxes in the world can't get things moving again.

And as well as being nobody's idea of fun, standing around on a freezing cold motorway hard shoulder with a blow-lamp is somehow at odds with all the

technology that goes into today's sophisticated trucks.

What can be done about this?

To meet the British Standard, winter quality diesel fuel must have a CFPP of no higher than -9°C.

Last year Mobil led the way by bringing this down to -15°. But in the worst of last winter's weather, even this wasn't low enough to prevent some diesel engined vehicles from being affected.

Perhaps you were even one of the many hundreds of people stranded in fuel-starved lorries, vans and buses.

If so, you have our sympathy.

Fortunately, we can offer you something more useful than commiseration.

So this season we have produced an improved version of our winter quality Mobil Diesel Plus.

With a Cloud Point of -5° and a Cold Filter Plugging Point of -18°C.

The difference between -15° and -18° may not sound very much.

But as we at Mobil well know, it can mean the difference between a satisfied customer and an ex-customer.

And while climatic extremes like these don't happen every day, getting caught out just once is once too often.

But can't additives be used to bring ordinary diesel fuel up (or rather down) to the latest Mobil standard? In a word, no.

The performance of Mobil Diesel Plus is determined not just by additives, but at the refining stage.

No amount of extra 'packages' can lower the Cloud Point.

And after all the hassle of adding them to your storage tank, there's no cast iron guarantee that they will mix properly.

In their place, you can now get the most convenient, consistently reliable protection against the consistently unreliable British climate.

Not that it needs to be freezing cold for Mobil Diesel Plus to show its mettle.

The unique detergency of our fuel keeps your engines' injectors cleaner.

This in turn reduces fuel consumption and cuts the quantity of carbon products emitted as exhaust smoke.

In a test involving many different types of vehicle over a total distance of over two million miles, Mobil Diesel Plus was shown to improve fuel economy by an average of 4%.

That's a huge potential saving when spread over a large fleet.

And it means that, all in all, Mobil Diesel Plus is the complete, all-weather, high-performance fuel.

It would appear that for people who use Mobil, the sun is always shining.

Even when they're in the middle of a blizzard.

**Mobil**  
Mobil Diesel Plus. Runs cleaner. Runs colder.



## OVERSEAS NEWS

## Mahathir seeks to toughen press laws

By Wong Sukong in Kuala Lumpur

THE MALAYSIAN Government has introduced a bill in parliament giving it sweeping powers over the press. Coming on top of amendments to the Official Secrets Act last December, it means that Malaysia will have some of the most draconian press laws in the world.

The move follows the massive crackdown last month in which 106 politicians and leaders of pressure groups were held without trial under the Internal Security Act. Three leading newspapers were ordered to close as part of the clampdown.

Under the amendments to the Printing and Publications Act, which will be moved by Dr Mahathir, the Prime Minister, in parliament next Wednesday, a reporter, editor, publisher or printer can be jailed for up to three years and fined Ringgit 30,000 (\$4,500) or both if the paper maliciously publishes false news.

Malice is presumed unless the reporter can prove that he or she had taken "reasonable measures" to verify the truth of the report before publication.

The present practice of annual renewal of newspaper licences is to be replaced by the need to apply for a fresh licence each year. This allows the authorities to attach new conditions to the annual licence.

In addition, the Government can refuse a new printing permit, or suspend or revoke an existing one without giving reasons, and its action cannot be challenged in court.

Last September, the influential social reform movement Alliran won its case in the high courts, overturning the government's refusal to grant a permit to print a Malay-language magazine. Dr Chandra Muzaffar, the president of Alliran, is among those detained.

The press amendments also give wide powers over foreign publications. The Home Minister can ban the circulation of any foreign newspaper if it impinges on security or alarms public opinion.

In recent years, as the Malaysian economy has entered recession, the Government has accused several regional publications of economic sabotage. Two journalists have been charged and convicted under the Official Secrets Act, and fined. Under the amended act a mandatory one-year jail sentence is imposed.



Sir John loss of support

## Queensland Premier faces party revolt

By Chris Sherwell in Canberra

SIR JOHN Bjelke-Petersen, the maverick National Party Premier of Queensland, faces one of the toughest tests of his 20-year state leadership today, one day after summarily sacking three members of his Cabinet.

A special meeting of National Party members of the state parliament is scheduled for this morning and is widely expected to oust the 76-year-old Sir John, and replace him with a new party head.

But he says he will refuse to resign the premiership,

and this could force a showdown in which the Governor of Queensland, Sir Walter Campbell, would have to choose between Sir John and any new National Party leader to form a government. This could embroil the Queen in a constitutional crisis, and may entail an early state election.

The crisis comes just over a year after Sir John won a state election victory in Queensland in which the National Party won power without help from its erstwhile allies in the Liberal Party.

The victory encouraged Sir John to start an allegedly disastrous "push for Canberra". His campaign almost destroyed the coalition with the Liberals at the federal level, but was wrecked in July when Mr Bob Hawke, the Labour Party Prime Minister, was returned to power for a historic third term in a snap election.

Sir John's troubles have since been compounded by revelations from an inquiry set up to investigate mid-year allegations that the Queensland Government

was tolerating prostitution and corruption.

The latest crisis follows a near total loss of support for Sir John from within his own National Party. It culminated in a dramatic attempt this week after the end of a parliamentary session, to sack five Cabinet ministers, including Mr Bill Gunn, deputy Premier and Minister of Police.

Mr Gunn refused to leave, said Sir John should go, and declared he would stand for the party leadership. So did Mike Ahern, the state's Health Minister, who also

suggested that the attempted sackings were in some way linked to the corruption inquiry.

While the Governor counselled against five sackings, yesterday he sacked three - one of them Mr Ahern - and swore in two replacements, Mr Gunn and another of the five kept their places.

Sir John is thought likely to urge ministers not to attend today's parliamentary party meeting, and may seek to challenge its legality.

## Tony Hawkins on a successful experiment in currency liberalisation Lagos grasps the currency nettle

THE EVIDENT success of Nigeria's foreign currency auctions over the past 14 months may convince African governments that the risks of trade and payments liberalisation have been exaggerated.

It is still early days, and Nigeria's experiment may yet end in tears, but achievements have been impressive. Nigeria has moved from a fixed exchange rate system to a relatively free market system, with available foreign currency auctioned by the Central Bank. Import and most exchange controls have been abolished, while the tariff structure has been fundamentally revised.

Before the auction system was established in September 1986, the naira's overvaluation was a major obstacle to economic recovery. Its effective exchange rate in the 1980s appreciated by about 90 per cent, reflecting high domestic inflation. Not surprisingly, imports surged, non-oil exports declined and trade and payments arrears above \$8bn were accumulated.

The launch of the so-called second-tier foreign exchange market (SFXM) in September 1986 was the centrepiece of Nigeria's structural adjustment programme. Most economists agreed that without substantial devaluation reform policies could not succeed. Nor was there any chance of securing the backing of Western donors and lending agencies, led by the International Monetary Fund, which had long insisted devaluation was central to reform.

For the first nine months after the auctions were established, there were four distinct foreign currency markets. The first-tier market - or the official exchange

rate - handling official transactions, predominantly debt-servicing, the second-tier market, or the free auction system for commercial transactions; and two parallel markets.

The "legitimate" parallel market was established to handle so-called autonomous funds - earnings from non-oil exports, capital repatriation by Nigerians and other capital inflows. The fourth tier was the black market for illegal transactions.

When the system was launched, the black market rate was around five naira to the dollar, compared with an official rate of 1.6 naira to the dollar. At the first two weekly auctions the second-tier rate depreciated steeply to a low of 4.9 naira.

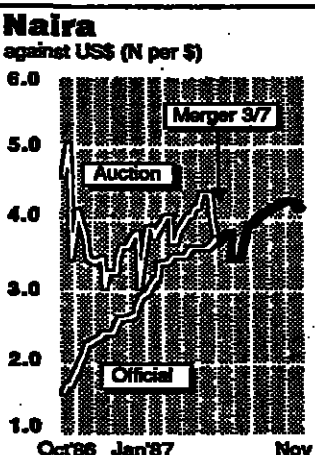
Dealer inexperience and market uncertainty led to a wide spread between the lowest and highest bids of some 2.5 naira per dollar. Much of 1987 it has remained in the 3 naira range. The auctions have not, of course, been completely free and the authorities have intervened to stabilise the rate and improve market efficiency. While demand is important, the crucial rate determinant has been the amount of funds offered, fluctuating between a low of \$25m a week, and a high of \$86m in October last year. The rate responds directly to these fluctuations. In mid-year, the auctions were changed from weekly to fortnightly, and \$100m is currently being offered at each auction.

An important regulation is that limiting the amount each bank may apply for. At present, more than 50 banks are bidding with the main dealers - First Bank, Union Bank and the United Bank for Africa - allowed

to bid for 5 per cent of the amount offered. Others can bid for 1.75 to 3 per cent. This implies excess demand, since if each bank bids for its full amount demand exceeds supply by some 18 per cent. Thus nine or 10 banks fail at each auction, and raise their bids a fortnight later to be sure of securing their allocations, depressing the market rate.

To stabilise the auction system was changed from the average rate offered by banks to a marginal rate system, then in March this year to the Dutch Auction system, whereby each bank pays the rate it tendered even where this exceeds the marginal rate. This has strongly narrowed the spread between highest and lowest bids, now less than 10 kobo (one naira = 100 kobo) compared with 250 kobo in early auctions.

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monetary policies have played a vital role in the system because bidders have to pay upfront for foreign exchange. Tight liquidity and higher interest rates have helped check market demand for foreign exchange. When interest rates were deregulated in August, the prime borrowing rate rose some four points to 17.5 per cent.

With the merger of the first and second tier markets last July, the auction had achieved its primary objective - a realistic market-determined exchange for the naira.

Thanks to the banks themselves, the auction system has also channelled scarce foreign exchange where it is most needed.

The gap between the parallel market and the auction market has narrowed, and autonomous funds command a premium of around 10 per cent. This will probably narrow further.

If Lagos can keep a tight rein on demand while raising the auction amount from the current \$100m-\$150m to \$1,450m a fortnight, the rate of around 4.5 naira to the dollar might hold for the bulk of 1988. But to allow this, foreign exchange inflows must be increased substantially, necessitating a higher oil price, rapid growth in non-oil exports and substantially increased capital inflows.

While prospects for modest increases in both oil and non-oil export earnings are encouraging, these alone are unlikely to generate enough foreign earnings during 1988, given the high debt service burden. Increased capital inflows from the banks, multinational firms and donor agencies will be needed to close the financing gap.

## Chalker starts Malawi and Mozambique visit

By Michael Holman

EFFORTS by black southern African states to reduce trade and transport links with South Africa and the civil conflict in Mozambique will be among the issues to be discussed by Mrs Lynda Chalker, the Foreign Office Minister of State, in the course of an eight-day visit to the region which starts tomorrow.

Speaking at a press conference in London yesterday before her departure for Mozambique and Malawi, Mrs Chalker stressed the importance of work by the nine-nation Southern African Development Co-ordination Conference, of which Malawi and Mozambique are members, and the rehabilitation of the region's railways and ports.

Mozambique in particular, she said, is of "pivotal importance in southern Africa". The bulk of SADC's efforts are concentrated on the Mozambique ports of Nacala, Beira and Maputo, and the railway lines serving them.

The routes have frequently been sabotaged by the rebel Mozambique National Resistance, widely believed to receive support from South Africa despite a

non-aggression pact between the two countries signed in 1984. Rebel activity has spread to most of the country, causing widespread damage.

Commenting on South African involvement, Mrs Chalker said: "We have no proof that the South African government is helping the MNR."

The war has led to a substantial food shortage in the country, especially in the Tete province, near the Malawian border. The Mozambique Government said this week it needs 294,000 tonnes of food grains before the next harvest in April 1988 if it is to meet the shortfall.

Mrs Chalker will visit Malawi on the second leg of her tour. A President Kenneth Kaunda of Zambia yesterday appointed Mr Francis Nkhoma, former general manager of Barclays Bank of Zambia, as governor of the country's central bank, replacing the left-wing Dr Leonard Chirwa, Victor Mallet reports from Lusaka. Speaking at a news conference, Dr Kaunda also hinted that Zambia would try to pay off debt arrears to the World Bank in the near future.

Sheikh Ali al-Khalifa al Sabah, Kuwait's Oil Minister, has also come out against increasing the price, saying: "Our goal now is to defend the \$18 price."

The Iraqi minister was also quoted as saying Opec's present output ceiling of 16.6m barrels a day might be raised. Opec is producing less than 15m barrels a day, he said. "If the market is absorbing that amount, then there is a possibility to raise the ceiling, yet that is related to prices," he added.

Opec overproduction and reports of Iraq's discounting by some members have caused oil prices to weaken since early October.

The Iraqi minister arrived in Riyadh on Tuesday for one day of talks with Mr Hisham Nazer, his Saudi counterpart, covering the next Opec ministerial meeting in Vienna on December 3 and plans to build a second Iraqi export pipeline through Saudi Arabia.

## Jayawardene affirms party ban

SRI LANKA'S President Jayawardene has publicly rejected the advice of Mr Ranasinghe Premadasa, his Prime Minister, and Mr Ronnie de Mel, his Finance Minister, to lift the ban on an extremist Sinhalese party, the Revolutionary Front, in Colombo. Police blame the party, the JVP, for the murders of over 60 supporters of the ruling party, a grenade attack on parliament in mid-August and recent countrywide acts of sabotage.

He told the annual conference of government agents that they must co-operate with him to wipe out the menace of "terrorism" and "anarchism".

Mr Jayawardene also dismissed the explanation offered by his senior ministers that the main causes of youth violence in the south of the country are unemployment and inflation.

## AMERICAN NEWS

## Brazil prepares package of fiscal measures

By Ivo Daway in Rio de Janeiro

THE BRAZILIAN government is preparing a wide-ranging package of fiscal measures aimed at reducing public expenditure and raising revenues through a fairer tax system.

It comes in an effort to rein in inflation, expected to exceed 12 per cent this month, and reduce the public sector borrowing requirement. Finance Ministry officials are increasingly concerned about lack of control over the public sector borrowing, now expected to be well above the target of 3.5 per cent of gross domestic product.

"We are going to introduce more progressive taxes and fairer ones," Mr Bresser said.

The minister is likely to face considerable hostility, however, from the middle-classes and the farm sector which look set to bear the brunt of the changes. With both groups strongly represented in Congress, Mr Bresser is almost certain to face new calls for his resignation, which first emerged after his accord with foreign commercial banks on an interim rescheduling deal for interest on \$68bn in longer term debt.

Yesterday, the ministry confirmed that the budget deficit target for 1988, first calculated in the package of GDP, may be double this figure.

Among the fiscal changes now expected are the introduction of a wealth tax, a substantial revision of income tax bands and inducements for business to raise investments.

The package, which is expected to be published well before Christmas, will also attempt to enforce cuts in government spending by axing subsidies and other market support mechanisms. However, export incentives and aids to development projects in the North-East and the Amazon will be exempted.

Outlining the proposals yesterday, Mr Luis Carlos Bresser Pereira once again insisted there was no prospect of a new price freeze being imposed. Many price controls have been systematically lifted in Brazil since the end of 1986, following the imposition of a temporary freeze last June.

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## US durable goods orders up by 0.3%

By Nancy Dume in Washington

ORDERS for durable goods in the US rose by 0.3 per cent in October while personal income increased by 1.7 per cent in the same month, the Commerce Department reported yesterday.

The increase in orders for durable goods followed a robust 2.4 per cent gain in September. The category includes white goods, aircraft and other items designed to last at least three years. The rise was entirely composed of non-defence goods with the volatile defence orders sector recording no change since September.

The two months of orders demonstrated widespread faith by business before October 19 that American consumers would continue to maintain high spending levels.

Some analysts believe that companies will now cut back, fearing that consumer spending will begin to scale back.

The report indicated that pre-crash business investment was up. Orders for transportation equipment, particularly aircraft, showed their first significant increase since May.

Americans' personal incomes rose 1.7 per cent in October, but a large component of that increase was agricultural subsidies, which nearly doubled farm payments, personal income still advanced 0.7 per cent, up from 0.6 per cent in September.

Consumer spending was flat in October but personal savings jumped by \$153.4bn, compared with almost \$86bn in September.

The new figures come one day after the release of third quarter gross national product estimates, revised upward from 2.5 per cent to 4.1 per cent.

The third quarter balance of payment merchandise trade report, also issued Tuesday, revealed a 9 per cent increase in exports compared with a 6 per cent rise in imports. Corporate profits jumped 5 per cent last quarter.

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## Lionel Barber reports on prison riots by refugees protesting against deportation Cubans who prefer life behind US bars

THE Federal penitentiary in Atlanta, Georgia, is known to inmates as the "Big A". For years its ramshackle security and outdated design made it a natural candidate for closure until, in 1984, it received an unexpected reprieve.

It was then that the US Government chose the "Big A" to house Cuban refugees awaiting deportation to their homeland. The Washington Post reported yesterday that the prison entered a \$63m five-year restoration programme.

This week, many of those dollars went up in smoke. Those same Cuban refugees, siding up to 94 hostages, set fire to the prison. A tense three-day siege was still under way yesterday, following a similar riot and six-in by Cuban inmates which erupted over the weekend at the barely six-year-old Oakdale penitentiary in Louisiana.

The immediate spark to the uprisings was last Friday's announcement by the US State Department that some 2,600 Cubans would be liable for deportation as part of the restoration of an immigration pact between Washington and Havana. In exchange, the US would agree to allow up to 27,000 Cubans to enter the US.

The deal removed a big irritant in the long-running dispute between the two countries. It also enables the Reagan Administration to pursue its campaign for human rights in Cuba by encouraging emigration and the reuniting of families in the US - there are 1.4m Cuban exiles

already living in America. But it also comes as Cuba is softening some of its rhetoric against Washington. Some interpret this shift in tone as a natural result of Washington's improving relations with Moscow. Havana's chief sponsor, as well Kremlin impetus with heavy financial support for the



A prisoner walks back into Atlanta Federal Penitentiary

Castro regime at a time of austerity at home.

Most of the 2,600 Cubans directly affected by last week's deal are sitting behind the bars in Atlanta and Oakdale. As their placards proclaiming the right to "liberty" and "freedom" vividly illustrate on the nightly television news

broadcasts, they have no desire to return to their home country. Life behind bars in the US is apparently preferable.

Behind the political protests lies a more basic human emotion: fear. Federal agents are talking with the prisoners, concede their task has been made more difficult by the uncertainty surrounding who and how many Cubans face deportation under the new deal.

Worse, as the Cubans themselves well know, their position under US law guarantees them very few rights.

At the 2,600 Cubans were among 125,000 refugees who landed in the US during the 1980 Mariel boatlift. They fled Cuba after President Fidel Castro opened the emigration gates in an effort to relieve population pressure on a chronically inefficient economy. When the emigration wave became a flood, Mr Castro opened prisons and mental hospitals to demonstrate, in a supporter's words, that "America could take the bums as well as the brains."

Some 2,700 Cubans, many with a history of mental illness and violent crime, fell into the "undesirable" category and some 200 were returned under a 1985 immigration pact. But the same year the US set up Radio Martí (named after the Cuban father of independence, Jose Martí) to beam 14 hours of anti-Communist news and entertainment into Cuba. Before it began transmitting Mr Castro, infuriated, suspended the deal.

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Few argue that the "undesirable" category is the worst. The problem rests with two other categories of prisoner: some 3,600 Cuban refugees who have served prison terms for crimes committed in this country but who have never been released, and a further 3,800 are still serving terms.

Many are serving terms for non-violent offences such as possessing marijuana, according to civil rights lawyers. Yet under legal precedent and immigration law, those offenders or so-called "excludable aliens" barred from returning to Cuba can be detained indefinitely.

Mr Ed Meese, the US Attorney General, won his first favourable newspaper headlines for months for his prompt intervention on Monday when he announced that the US Justice Department would delay deportation and review each case. But two days on, the offer has failed to quell the uprising.

The Cuban Government has also tried to calm tensions by pleading that Cubans returning home will be treated leniently and will not be sent back to prison. Meanwhile, Cuban relatives of the inmates are raising the pressure for some form of release, and some have committed minor crimes in the US.

"This appears to have had some effect, as one administration official acknowledged: 'One could question whether it is an appropriate sentence to say you have to live under Communism for the rest of your life.'"

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## Goldstar plans UK consumer electronics plant

By David Thomas

LUCKY GOLDSTAR, the South Korean industrial conglomerate, is planning to build a consumer electronics factory in the UK less than three months after launching its brand name there.

Unusually for a Far Eastern overseas investment, the company has been looking for British partners to form a joint venture to begin manufacturing in the UK.

It has already held preliminary talks with Fidelity, the sole remaining UK-owned television manufacturer, about making small-screen televisions jointly in the UK.

Goldstar, which has an annual turnover of \$15bn including \$6bn from electronics, is considering this investment as part of an ambitious attempt to boost its European sales.

This became clear as the company opened its first European plant at Worms, near Frankfurt, a DM67m (\$22.4m) facility which will employ 500 workers to make 300,000 large-screen colour television sets and 400,000 video recorders annually for the European market.

The factory is also the first owned by South Korea in West Germany.

Mr Koun Sun Chol, president of Goldstar's consumer electronics subsidiary, said the company was aiming for a 10 per cent unit

share of the European market in televisions, video recorders and microwave ovens.

It already claims that share in West Germany, including its machines sold under other brand names.

Goldstar began selling consumer equipment under its own name in the UK only in September, but says its sales under other brand names are about \$36m a year.

It is aiming for sales under its own brand name of \$30m in the UK next year.

Goldstar hopes to announce its decision about a UK plant next year.

It has not yet chosen a site or the products it will make, though microwave ovens, video tapes and small screen televisions are the most likely.

Neither has it decided whether the plant should be wholly owned or jointly run with a British partner.

The opening of Goldstar's West German plant comes a day after the announcement by Daewoo, another South Korean conglomerate, of plans for a microwave factory in France, bringing to five the South Korean plants built or announced in Europe.

South Korean products are generally at the lower end of the market, undercutting their Japanese competitors on price.

## Taiwan mission to Europe omits UK

By Peter Montagnon, World Trade Editor

BRITAIN has been left off the itinerary of a Taiwanese trade mission visiting Europe this week partly because of the UK Government's refusal to allow contact between the two countries at an official level.

The Taiwanese mission, sponsored by its Board of Foreign Trade, hopes to place orders worth about \$1.2bn during its visit to the Netherlands, France, West Germany and Austria.

It is designed to improve trade relations with Europe and lessen the country's dependence on the US.

Taiwanese businessmen say the UK's strict application of the no-contact rule, as part of the European Community policy of denying recognition to Taiwan, is an impediment to trade which may result in lost UK exports.

Other EC countries have been prepared to receive the mission, they say.

UK officials argue that the impact is no more than psychological and point to the large

increase in UK sales to Taiwan which rose by 62 per cent to \$216m in the first nine months of this year.

The friction over official contact is not new but it has been thrown into sharp relief by Taiwan's decision to send large-scale buying missions to Europe.

This has raised fears in the British business community that fresh opportunities may be lost because of the British habit of playing by international rules regardless of the behaviour of competitors.

The UK believes the Taiwanese buying mission will not of its own generate business and that Britain might be included in another Taiwanese mission next year.

Meanwhile Britain is anxious not to upset its relationship with mainland China prior to the handover of Hong Kong in 1997.

Ironically, however, Hong Kong trades freely with China and Taiwan and as a centre for flourishing unofficial trade between them.

## Israel may buy 75 more F-16 aircraft

By Andrew Whitely in Jerusalem

ISRAEL has opened negotiations on the purchase of an additional 75 General Dynamics F-16 aircraft, in a deal worth approximately \$2bn, including spares.

The negotiations, begun in Washington last week during annual bilateral discussions on strategic co-operation, follow the Israeli Government's decision in August to abandon the production of the home-grown Lavi combat aircraft. The large Israeli defence industry was hit hard by the cancellation, a decision reluctantly taken under pressure from the US Government.

The industry is now fighting to provide a large share of on-board electronics components in the F-16s, adapting equipment originally intended for the Lavi. One possibility believed to be under consideration is to marry the Pratt and Whitney PW1120 engine chosen for the Lavi to the F-16's C or D models, to give the 10-year old aircraft greater ground attack speed and penetration capability.

Part of the 1120 engine could be locally manufactured. In return for its agreement to drop the Lavi - conceived by Israeli planners as the country's frontline combat aircraft for the next decade - the Pentagon promised to help Israel secure the best possible terms on an alternative aircraft. The F-16, of which 75 are already in service in Israel, was always the favoured option.

Financing of the new aircraft is likely to come mainly from US Foreign Military Sales grants. But the Defence Ministry in Tel Aviv is reportedly seeking favourable payment terms similar to those enjoyed by the US Air Force. Delivery of the first batch of the Israeli version of the F-16 is being sought for 1991, the date when the Lavi was originally scheduled to become operational.

Negotiations will be taken up in earnest during next month's planned visit to Washington by Mr Yitzhak Rabin, the Israeli Defence Minister, with the aim of reaching agreement by next April.

## California deal for BAe

BRITISH AEROSPACE has won an order for six of its 146-200 turboprop aircraft for Westair Airlines of California. The airline has taken option on three more. The first three aircraft are scheduled for delivery in January and the other three by the end of 1988.

The aircraft will be powered by Textron Lycoming ALF 502B turboprop engines. Cost of the planes was not disclosed.

## China acts over joint ventures

By Robert Thomson in Peking

CHINA has conceded that only about a third of the 4,000 ventures established in recent years were making healthy foreign exchange profits and has set up a consultancy to salvage ailing projects.

Mr Zhu Rongji, the Vice Minister of the State Economic Commission, who announced the opening of the consultancy, said another third of the joint ventures were making profits in renminbi, the non-convertible Chinese currency, but not in foreign exchange, while a third were loss-making.

However, Mr Zhu said that few projects had collapsed and the aim of the new body, "the consulting department for enterprises with foreign investment", was to assess independently the prospects of troubled ventures. My assessment is that in

the last two to three years the success rate of newly started ventures is about 100 per cent."

Mr Zhu said the problems generally stemmed from poor management and from China's lack of investment experience, and not from a poor investment climate. He admitted that sales to the domestic market would not solve foreign exchange problems

for further talks. Asked which company was most likely to co-operate with China, he said, "We already have a joint venture with Chrysler. We hope to have an even better co-operation with General Motors." Chrysler already makes jeeps through a joint venture with China.

cash into the project. The consultancy will attempt to convince ailing joint venture partners to change their ways in the interests of survival. Those which stand no chance of surviving will be allowed to fail, but officials yesterday were confident that they will be able to save most of the ventures which use the consultancy.

The consultancy is a subsidiary of the China International Trust and Investment Corporation, the state investment arm, but its officials stressed that it would offer independent advice, as do other consultancies under the trust's jurisdiction.

A senior corporation official said the troubleshooting department would charge for its services, but would be more concerned about saving projects than making profits.

## Europeans leap at Soviet opportunities

By Ian Davidson in Paris

WESTERN companies are responding enthusiastically to a call by Mr Mikhail Gorbachev, the Soviet leader, to set up joint ventures in the Soviet Union, according to unofficial figures from a French bank.

Thirteen joint ventures have already been agreed, 10 months after the relevant Soviet legislation was passed, and another 200 are being negotiated.

The latest is a hot metal spraying company called Technicord, set up by the Soviet company GIKHS and the French company Societe Nouvelle de Metallisation Industries. It will have a capital of 4m roubles (FF40m), and will start production in 1989 with turnover projected at FF25m in the first year.

The French company is a subsidiary of CEA Industrie, part of

the state-owned Commissariat de l'Energie Atomique.

According to Societe Generale, the French bankers negotiating for SNMI, western interest in joint ventures has increased substantially since the Soviet Union eased its tax and export requirements: company tax of 30 per cent will only be imposed after a two year tax holiday.

Most of the joint ventures concluded so far have been relatively small, mainly because they are easier to negotiate. Of the 12 others identified by Societe Generale, only three represent an investment of more than FF100m.

They will be overshadowed by a \$5bn to \$6bn petrochemical project under negotiation with Montedison of Italy, Occidental of the US and Marubeni of

Japan.

The largest collaborations agreed so far include a machine tool venture by the German company Heynemann Maschinenindustrie Anlagetechnik, with a capital of FF477m, and a tourism project by Finnair of Finland for FF102m.

In the case of Technicord, and in many other instances, according to Societe Generale, the initiatives for the negotiations have come from the Soviet side.

Among the other ventures concluded are a textile project by Kazi Mount of Finland, a food wrapping scheme by Volapack of Hungary, a sawmill by Tairuru Trading of Japan, a restaurant in Moscow by Thacker of India, a crane venture by Liebherr of Switzerland, and a shoe project by Salamander of West

Germany.

Of the 200 ventures being negotiated, about 50 are with West German companies, 20 with French companies, and another 50 from the rest of Europe.

Johanna Wicks in Zurich adds: Sandoz, the Basle chemical group, has agreed a joint venture with the Soviet state corporation Soyuzneftprom.

The agreement, the second of its kind with a Swiss-based group, involves the formation of a company called Tauris, in which the Soviet partner will hold 51 per cent.

Production is to start at the Armyansk chemical combine in the Crimea in 1990 with an initial output of 6,000 tonnes of liquid dyes for the clothing industry.

## Turkish power project hits snag

By David Barchard in Ankara

THE Queensland Government is reviewing its decision to become an equity partner in a joint venture to build and operate a 1,400 MW power plant station in Turkey.

However, Mr Turgut Ozal, the Turkish Prime Minister, said yesterday that discussions between the Turkish Government and a consortium headed by Sea-Pac Control Services of Queensland had been completed.

The plant, which will use imported steam coal, is to be built at Gazi on the Mediterranean and is the first of three large power plant projects to be operated on a franchise model, known as the Ozal model.

Difficulties which surfaced in the negotiations 10 days ago and prevented the signing of a contract on November 16 seem to have been largely ironed out. However, it seems unlikely that there will be any move to sign a contract before the middle of next month.

The Queensland Government's hesitation over whether to take a 30 per cent equity stake seems to stem from its concern that the commercial risk terms were unacceptable and a desire to have a higher rate of return for the project.

State Planning Organisation sources said it was believed Queensland would eventually be an equity partner but Australian sources said that the Queensland Government's place might have to be taken by private investors, which would not be difficult to find.

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## Yemen hopes soar with the promise of oil revenue

AT SOME point in the remaining weeks of this year, a new oil exporter will be born. Oil will start to flow from the interior of the Yemen Arab Republic (North Yemen), across a 7,000ft mountain plateau to a terminal at Salif on the Red Sea.

The volumes will not be big enough to affect global oil prices, or the strength of the Organisation of Petroleum Exporting Countries, but they will be important for the economy of Yemen.

The start-up should have been on November 15, but work on the crude oil processing plant at the field is behind schedule.

When production starts properly, it will be at a rate of 125,000 barrels a day, increasing to 200,000 b/d next year. It will come from the Alef field, which Hunt Oil of Texas - now in partnership with Exxon and a group of Korean companies - discovered in mid-1984. The field has estimated reserves of 500m barrels, which makes it by far the biggest discovery in the area.

Later, the Government hopes it will be able to raise production to 400,000 b/d, on the basis of a possible further 500m barrels in five smaller, more recent discoveries, and anticipated finds in the same area.

At the rate of 200,000 b/d, the state's revenues should be \$600m to \$700m a year. A further \$400m will be spent on the considerable capital and operating costs of the field, and revenue of about \$240m is expected by Hunt and its partners.

The beginning of oil production is raising the Yemenis' hopes that they are about to become rich, but the Government loses no opportunity to tell them that \$500m will scarcely offset the decline in remittances from Yemeni workers in Saudi Arabia.

Yemeni businessmen, meanwhile, are disappointed that they have not been more involved in the development of the Alef field. The contractors who laid the pipeline - Saipem of Italy, Mannesmann of Germany, and CCC of Lebanon - let many sub-contracts locally, and the drilling companies, which include Sedco and Henley (owned by Hunt), have done the same.

But it is felt that Hunt could have gone more to Yemeni com-

panies for ordinary service work and purchasing, instead of dealing directly with the manufacturers it knew in the US. A widespread comment is that Hunt, having never worked abroad on this scale before, was unaware of the diplomatic requirements of an oil company in a developing country.

Hunt's managers refuse to talk to journalists - or almost anyone else in Sana'a - about their operations. But it is argued on their behalf that they would have found it easier to import through local suppliers if the Government had not so drastically restricted granting import licences to the private sector.

The company's awkward relations with the business community are matched by poor relations with the officials in the Ministry of Oil, with which Hunt has relatively little contact. The serious business between Yemen and the company is discussed by the President, Ali Abdullah Salih, and Mr Ray Hunt, who have an excellent rapport.

The really big economic advantages for Yemen will come if more large oil fields are discovered.

ered. Apart from the Hunt consortium, there are now three concessionaires in Yemen. Exxon has 20,000 square kilometres in the centre of the country. It has finished seismic work and, although the geological picture is unclear, it has decided to drill a well, starting in December.

Hunt, on its own, has an offshore concession. It has drilled one unsuccessful well, which caused its partner, Elf, to leave, and is planning another well.

Total has an offshore and onshore concession south of Hunt's acreage. Its seismic maps onshore are clear but discouraging, while the offshore picture is difficult to interpret.

The best prospects for further discoveries may not be in North Yemen at all, but to the east, in the Popular Democratic Republic of Yemen (South Yemen), where there is a major extension of the Marib structure. Much of PDYR's acreage has been let to foreign companies, including Total and Occidental. In the area closest to the Alef field the Russians, who are working as contractors for the Government, have made a find at Shabwa.

Although 10,000 b/d is being produced from this field and trucked to the refinery at Aden, the PDYR Government is known to be very disappointed by the slow speed of development. The explanation may be a combination of the Russians' old drilling technology and their unwillingness to make South Yemen financially independent.

On North Yemen's territory there may be better chances of an increase in gas reserves, currently estimated at more than 6 trillion cu ft (equivalent to 10m barrels of oil). All the Yemeni oil fields contain very high gas/oil ratios, and large quantities of unassociated gas have been found.

The development of the country's gas may raise the second refinery - being studied by the British company, Universal Oil Products - unnecessary, and the Government may instead expand the 10,000 b/d plant already built at Marib. By the debate over the merits of gas over refinery is a sensitive one, both domestically and among some of Yemen's foreign aid donors, and a decision will not be taken until next year.





## UK NEWS

## Invitation for Proposals to Purchase A Ceramic Tile Manufacturer

Peat Marwick Limited will consider written proposals to purchase, en bloc, substantially all of the assets and business operations of a ceramic tile manufacturer located in Canada. The operation manufactures mosaic ceramic tiles and distributes its products throughout North America.

Offers must be on a going-concern basis. Piecemeal offers will not be accepted.

Sealed Proposals must be submitted in writing no later than Noon on January 29th, 1988.

For further details contact: Michael G. Creber, Peat Marwick Limited, P.O. Box 31, Commerce Court West, Toronto, Ontario, Canada M5L 1B2.  
Telephone: (416) 863-3825; Telex: 06217692 VERITATEM TOR;  
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**KPMG** Peat Marwick

## British Gas faces probe into pricing for industry

BY MAURICE SAMUELSON

BRITISH GAS is to go before the Monopolies and Mergers Commission to answer criticism of its treatment of large industrial consumers.

It is the first time that the Corporation, privatised 18 months ago, has faced the Commission, although it has previously been scrutinised by the Price Commission.

Sir Gordon Borrie, director-general of the Office of Fair Trading, has called for a Monopolies Commission inquiry following complaints that gas contract prices for British industry are up to 50 per cent higher than in Europe.

The Chemical Industries Association, one of the leading complainants, yesterday welcomed the move. It was particularly pleased that the Commission would report in only nine months, much more quickly than the previous inquiry.

Sir Denis Rooke, British Gas chairman, also welcomed the speed of the inquiry and promised the Corporation's "full co-operation".

The chemicals industry is one of seven energy-intensive sectors, including steel and paper, which also want UK gas prices investigated by the European Commission.

The Office of Fair Trading said the inquiry had been called because of its director's concern over four issues:

- the lack of a clear basis for gas prices or a clear relationship to the pricing of alternative fuels or to British Gas's costs. Users had complained consequently of great difficulty in estimating their future costs;
- the "wide differences" in prices said to be paid by customers with similar requirements;
- contracts for three months or less, which had led users to complain of further difficulty in estimating costs;
- British Gas' unwillingness to quote a price for interruptible supplies which the customer had installed dual-firing equipment, making it difficult for him to judge whether such investment was worthwhile.

Sir Gordon said it was not for him to judge whether prices were reasonable. "But the material that has been submitted to me by industrial customers and others is in my opinion such as to justify a thorough investigation or inquiry."

British Gas, which had earlier resisted reference to the Commission, said its gas contract pricing policy had operated for 20 years with the full approval of successive governments and had not changed with privatisation or since.

It said this policy had been able to accommodate huge changes in the price of competing energy sources brought about by the collapse in crude oil prices.

In the highly competitive industrial energy market, contract prices for gas were related to oil product prices. There had been 22 changes to schedule oil prices in the 12 months ending October 1987. This caused uncertainties in the industrial market, but the Corporation said it had done what it could to help its contract customers.

## Interest rates call after markets crash

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

A LEADING independent economic research group today calls for further sharp cuts in interest rates to cushion the deflationary impact on Britain's economy of the stock market crash and of the recent rise in sterling's value.

The National Institute of Economic and Social Research says in its latest Economic Review that the Government should reduce borrowing costs from 9 per cent to 8 per cent immediately. A further cut to 7 per cent by the end of the year, or soon after, should then be considered.

The Institute's call comes against the background of its forecast of an abrupt slowdown in the pace of growth in the economy next year. By the end of 1988, output is projected to be rising by only 1.5 per cent annually, compared with the current 4 per cent.

Britain's exporters are likely to be hit by slower growth in world

trade as well as by the loss of competitiveness resulting from the pound's gains this year against both the dollar and the D-Mark.

Last month's slump in British equity prices is not expected to be the major factor behind the economic slowdown. But, combined with a previously expected deceleration from the present rapid pace of growth and with the impact of sterling's appreciation, it could depress the growth rate to a level at which unemployment would once more start to rise, the review says.

Mr Nigel Lawson, the Chancellor, has taken a cautious approach to any further reduction in borrowing costs, and has suggested that such a move would need to be part of a wider international package to stabilise the dollar.

The Institute, however, says that a reduction should not be contingent on similar action elsewhere. Details, Page 14

## Electricians to face TUC panel in union row

By Philip Bassett, Labour Editor

LEADERS of the Trades Union Congress, an umbrella organisation for trade unions, yesterday decided to call in officials of the EETPU electrical union for further scrutiny of the union's conduct at Mr Rupert Murdoch's newspaper printing plant in east London.

The News International plant has been the centre of a union conflict ever since Mr Murdoch moved his newspapers there in January 1986.

The TUC's full general council approved a decision of a special meeting of the TUC's "inner cabinet", the finance and general purposes committee, to invite EETPU leaders to next month's committee meeting to other unions can question them.

Mr Norman Willis, TUC general secretary, said the committee wanted to question the EETPU about its new undertakings on Wapping.

## Magnet to shed 500 after demand forecast revised

BY DAVID WALLER

MAGNET, the kitchen and bedroom furniture group which is reorganising itself as a retailer rather than a supplier to the building trade, is planning to shed at least 500 jobs by the end of year - approximately 10 per cent of its workforce.

The company's employees have not yet heard of the restructuring, which emerged yesterday. Magnet reported pre-tax profits of £25m for the six months to the end of September, 21 per cent up on the £20.7m of the same period last year. Magnet said that the redundancies have arisen because demand for its products is likely to fall short of ambitious projections made nearly two years ago.

"We had geared up the infrastructure of the group for greater demand than we now expect," explained Mr Gordon Brown, Magnet's finance director. "A certain defensiveness surrounds the company in the light of recent events."

In February 1985, the company - then known as Magnet & Southern - embarked on a strategy of converting its depots into superstore units which would

attract DIY customers rather than builders. Since then its profits have leapt ahead, but a slowdown in the rate of growth first became apparent at the end of September this year.

Although by then 188 sites had been refurbished, planning problems sharply curtailed the number of stores opening between September and the six months to the end of September. This factor, combined with news of difficult trading conditions in June, caused stockbrokers to cut their profit forecasts for the year from £70m to £66m.

As a result, the company lost a quarter of its market value in the space of three days. Sentiment was further clouded earlier this month when it emerged that West Yorkshire police were investigating a possible fraud - worth several hundred thousand pounds - at the company's headquarters.

Some 100 jobs are to be lost at Magnet's kitchen cupboard factory in Darlington, in north-east England; the rest will be spread around other manufacturing sites in the north of England.

## Union may expel 2,300 Telecom staff

BY CHARLES LEADBEATER, LABOUR STAFF

THE National Communications Union, the main union at British Telecom, may expel up to 2,300 members who crossed picket lines during the union's dispute with the company earlier this year.

The NCU's disciplinary committee has already expelled 1,000 members after complaints from local branches. The union said branches had forwarded a further 1,800 complaints, which could lead to further expulsions.

The union has about 140,000 members at BT. The three-week industrial action in January and February, which followed an 80 per cent majority in a postal ballot, mainly involved the union's 110,000 engineering workers.

Local branches have also taken limited disciplinary action against some members by tempo-

rarily suspending their entitlement to union benefits.

The NCU's actions will fuel arguments over the 1987 Employment Bill, which includes a controversial clause to prevent unions disciplining members who continue to work during a strike called after a secret ballot.

Employment ministers, who will today defend the clause in debates on the Bill at its Commons committee stage, are likely to use the NCU's action as evidence of the need for the provision.

The NCU has decided not to discipline members employed at a Ministry of Defence radio station near Rugby, which controls the Navy's fleet of nuclear submarines, and it is understood no expulsions have been proposed among the union's 25,000-strong clerical section.

DAIICHI KANGYO BANK

## DKB ECONOMIC REPORT

November 1987: Vol. 16, No. 11

### Rising concerns for commodity prices in Japan

Currency exchange rates and national economic policies were at the center of attention during a series of international conferences held in Washington late in September. During these meetings - including the G5, the G7, and the World Bank-IMF meetings - the exchange levels established in the February Louvre Accord were reaffirmed, and participants pledged continued coordination of national economic policies to maintain the current rates.

The background to endorse the

policy coordination has two factors: (1) Since the U.S. trade deficit remains huge, a persistent downward pressure for the dollar exists in the market. (2) Further depreciation of the dollar, however, is feared to cause inflation in the U.S. due to the rise in import prices and push interest rates up.

**Japan's business climate shows steady improvement**

Steady improvement continues in the Japanese economy led by the favorable domestic demand. The

household sector in particular is playing a leading role in the recovery. The expansion of personal consumption is reflected in the summer (June-August) sales of large-scale retail outlets, which exhibited a confident growth of 4.3% on a year-to-year basis (4.0% growth after adjusted for price inflation). Durable consumer goods, such as home electronic products, are seen to have achieved favorable sales growth (13.3% growth over the same period of last year). Automobile sales also gained a high growth rate of 8.4% in the July to September period on a year-to-year basis.

Public investment has expanded greatly since last May, mainly because of advanced orders of public works program (an 8.3% growth from May to August last year, based on the value of public construction contracts).

In addition, private plant and equipment investment is also showing signs of recovery as indicated by increases in machinery orders and the shipment of capital goods. Along with the ongoing growth in plant and equipment investment in the non-manufacturing sector, and the recovery of sales in the manufacturing sector, overall plant and equipment is likely to resume on an upward course.

**Substantial improvement seen in August surplus figures**

The balance of international payments for August showed substantial improvement in both the trade surplus and the current account surplus. The trade surplus was reduced

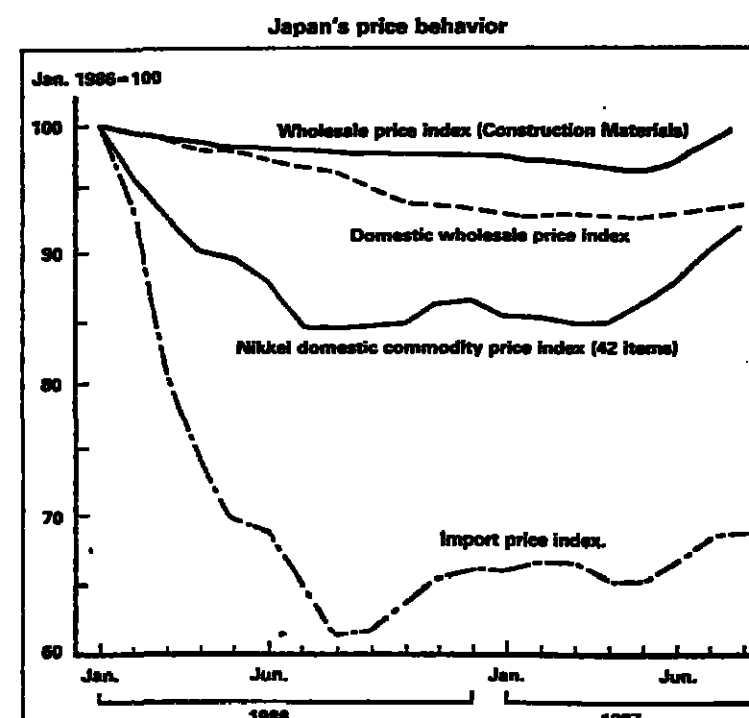
by 24.1% to \$6,206 billion on a year-to-year basis while the current surplus was pared by 25.1% to \$5,306 billion. This marks the fourth consecutive month of decline in the current surplus over the corresponding months of last year. The rise in crude oil prices and the emerging entrenchment of adjustments due to the appreciated yen and the weak dollar are seen to be the major causes of these improvements.

**Increased importance of commodity prices in government financial policies**

Thus, the business climate in Japan is showing steady improvement fueled by domestic demand. While stabilized exchange rates and commodity prices are regarded as indispensable to support the growth of domestic demand, the rise in commodity prices appears to be accelerating.

Domestic wholesale prices have recorded four successive months of increase since June reflecting the continuing upward trend of the commodity market which began in May. Above all, the prices of construction materials have risen at an especially aggressive rate. This can be attributed to the recovery in the domestic market along with the progress in inventory adjustment and such overseas factors as higher crude oil prices and a pause in the appreciation of the yen. In addition, the supply of construction material has not kept pace with the rapid expansion in housing construction and public investment.

With these factors tending to push interest rates up, government authorities are beginning to place a higher priority on stabilizing commodity prices. The 6 trillion yen Emergency Economic Package, which is intended to reinforce the improvement in the business climate, might also lead to further accelerated increases in commodity prices. The stabilization of commodity prices becomes an important factor in order to ensure the long-term stable growth of the Japanese economy led by expanding domestic demand.



Source: Bank of Japan etc.

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## UK NEWS

# Ministers agree to reduce North Sea pollution

BY DAVID FISHLOCK, SCIENCE EDITOR

AGREEMENT to reduce the pollution of the North Sea was reached in London last night at an eight-nation ministerial meeting.

The environment ministers from nations surrounding the sea agreed that the dumping of harmful toxic wastes, the incineration of toxic wastes and the dumping of ships' wastes in the North Sea should be banned.

Mr Nicholas Ridley, UK Environment Secretary, as chairman of the second international conference on pollution of the North Sea, described the two-day meeting as a great success and a major step forward in combating North Sea pollution.

Although the conclusions of the conference were not legally binding, they were a common declaration of political will, Mr Ridley said.

Among the more contentious issues on which ministers reached unanimous agreement was the immediate end to the dumping of garbage from ships.

Incineration of toxic waste is to be drastically reduced by 1991 and ended by 1994. Dumping of solid industrial wastes deemed to be harmful will be banned from the end of 1988.

In addition, the present ceiling on toxic contamination is to be reduced.

Lord Belstead, representing Britain at the conference, said that from the end of 1989 only

dumping of liquid wastes would be permitted in the North Sea.

The conference also reached agreement to reconcile national objectives for water quality with those for atmospheric emission limits.

On radioactive wastes and emissions, it reached unanimous agreement that no polluting practice would be adopted by any nation.

Britain is not required to make further reductions in emissions and effluents from British Nuclear Fuels' Sellafield reprocessing plant in Cumbria beyond those already in prospect, Mr Ridley said there had been "massive improvements" at Sellafield, and there was not much further to be done.

Britain will form a scientific task force next year to seek a greater understanding of the complexities of the North Sea. The urgent need for a major study was identified by a report to the conference.

In a project to which it has allocated £8.8m over five years, the Natural Environment Research Council plans to produce a computer model of the North Sea that will predict the behaviour of its tides, currents and winds.

The conference agreed that a third ministerial meeting on North Sea pollution should be convened in the Netherlands in the early 1990s.

## Delays expected on extradition changes

BY OUR DUBLIN AND BELFAST CORRESPONDENTS

CHANGES in extradition procedures worked out by the Irish and British governments are likely to be delayed, it emerged yesterday.

Meanwhile the two governments faced embarrassing criticism last night when the attempted extradition of a Belfast man to Northern Ireland ran into problems.

Mr Paul Anthony Kane, 33, was arrested in Co. Longford in the republic on Monday along with Mr Herbert Pirruane. Both had escaped during the Maze prison breakout in Northern Ireland in September 1983.

A warrant for Mr Kane's arrest was issued by Belfast Crown Court yesterday. But by the time it reached the Garda, his period of detention had lapsed and he had been set free.

On his release, Mr Kane went to his solicitor's office in Cavan town, but there was no immediate attempt to re-arrest him.

The changes in extradition procedures are now unlikely to make the December 1 deadline imposed by Dublin following opposition objections to some of the provisions.

However, the European Convention on Terrorism will automatically be ratified next Tuesday while the Dail (Irish parliament) debates amendments to an earlier law providing

the safeguards sought by Mr Haughey's Government.

Under the terms of the extradition agreement, the British Government will scrutinise extradition warrants provided by his British counterpart.

However new concerns have been expressed about the constitutionality of such an arrangement and the opposition parties have demanded parliamentary time to discuss its implications. This means that the amended act cannot meet the deadline of next Tuesday, although it should pass into law by the end of next week.

The man set free yesterday, Mr Kane, was captured the day after the Maze escape in 1983 and returned to prison where he was serving an 18-year sentence for attempted murder and firearms offences. However the sentence was quashed in July last year by the Northern Ireland Court of Appeal.

Mr Kane, who was then being held on charges connected with the escape, obtained bail in October last year but failed to appear at any subsequent court hearing.

Mr Kane was detained on Monday under the republic's Offences against the State Act, which entitles police to hold him without charge for 48 hours.

## Shell Expro likely to cut another 300 to 600 jobs

BY MAURICE SAMUELSON

ANOTHER 300 to 600 jobs are expected to disappear at Shell Expro, the operator for the Shell and Esso North Sea joint venture, on top of the 700 shed in the past year. The cuts will all be by natural wastage, voluntary redundancy or redeployment.

They are part of a response to last year's oil-price collapse but the company says they also expect a continuing fall in North Sea oil output from its peak levels.

Mr Peter Everett, managing director, told staff yesterday that

the organisational review was intended to prepare for the long-term challenges of the 1990s when total oil production would fall as older, larger fields declined.

The review will concentrate on the London, Aberdeen and Leith offices and may be extended to the St Fergus, Mossburn and Bacton gas plants.

Offshore platforms will be exempt having recently been affected by a restructuring of shift patterns and introduction of new working practices.

## US bank to complete purchase of broker

By Stephen Fidler, Euromarkets Correspondent

SECURITY PACIFIC, the Los Angeles-based commercial bank, said yesterday that it intended to buy out minority shareholders of Hoare Govett, the UK stockbroker, in which it took a controlling stake in December 1984.

It also announced a streamlining of management and the merging of all the equity, debt and banking business of its international merchant banking operations into one firm, Security Pacific Hoare Govett (Holdings). Hoare Govett will disappear as a separate entity.

The firm said it would not leave any business areas and no lay-offs would result from the move, although a few executives might resign. Mr Anthony Greayer, chief executive of Hoare Govett, has already resigned.

Security Pacific currently owns 85 per cent of Hoare Govett. The minority stake is held by about 120 executives of the firm.

The stockbroker was valued at \$75m when Security Pacific took control. The price to be paid for the remaining shares will be in line with this. The move was contemplated in the 1984 deal and the transaction is expected to be completed next month.

Mr Richard Westmacott, chairman of Security Pacific Hoare Govett (Holdings), said the move had been under discussion before last month's stock market collapse. However, while not prompted by the crash, the announcement had been hastened by speculation that the City's market was looking for a buyer for Hoare Govett.

He said that, in common with other market-makers, Hoare Govett had lost money in the crash. He declined to say how much.

Until the crash the firm's equity business had been "quite outstanding", he said. The two trusts he expected to be profitable for the next half of the year, though results will probably be down on last year.

Mr Westmacott said the streamlining had resulted in there being only one chief executive position rather than two. Greayer had been "very dignified in accepting the situation", he said.

Security Pacific, the sixth-largest bank holding group in the US with assets of \$74bn (\$41.2bn), recently acquired a 30 per cent stake in Burns Fry, the Canadian investment dealer. A representative of Burns Fry will sit on the new company's board.

## FKI Babcock to close Lincoln plant

By Ralph Atkins

FKI BABCOCK, the engineering and electrical group, is closing its Babcock Boveri boiler-making factory in Lincoln with the possible loss of up to 270 jobs.

The closure is part of a rationalisation plan announced after the \$46m takeover of Babcock International by FFI Electricals in July. Operations are to be transferred to Stone International, FFI Babcock's industrial boiler-making division in Oldbury, West Midlands.

The decision emerged less than 24 hours before today's announcement of interim results for FFI Babcock.

At the start of the Babcock International takeover in July, Mr Tony Gartland, FFI Babcock chief executive, said that a rationalisation programme was required. There was speculation that the group would sell the energy division of Babcock, of which Babcock Boveri is part.

In 1986 the division accounted for about 24 per cent of Babcock International's turnover and made an operating profit of £4.18m.

## Andrew Taylor reports on the challenge to BPB Industries' near-monopoly market

# Writing is on the wall for plasterboard fight

IT IS particularly appropriate that BPB Industries and Redland, two of Britain's biggest building material producers, should have both decided to publish half-yearly results today.

The two companies are central figures in an intriguing battle for market share of one of Britain's fastest-growing building materials markets.

BPB Industries' near-monopoly over British plasterboard sales is being challenged by Redland, which 11 weeks ago announced it was establishing a plasterboard manufacturing joint venture with CSR, an Australian building materials, sugar and resources group.

The aim of the new venture is to capture up to 30 per cent of the plasterboard market. At least two other Continental plasterboard manufacturers are planning to start operations in the UK.

Essex TAG, a Belgian company, proposes to import up to 10m sq m of plasterboard a year, equivalent to about 6 per cent of total British sales this year. Knauf TAC, a German plasterboard manufacturer, is seeking planning permission to build a factory in south-east England.

Sales of plasterboard in Britain likely to be about 150m sq m this year, have risen by more than a fifth since 1975.

It is widely used for the interior walls of houses and is increasingly being used in commercial developments, where its acoustic and fire-resistant properties make it ideal for lift voids and shafts.

Contractors like it because it arrives on site prefabricated and ready for use. It is a dry product, less messy to use than wet-wall plaster techniques.

However, sales of plasterboard in Britain and on the Continent lag well behind consumption in North America. Sales per head in the US are more than three times those in the UK.

Mr Malcolm Brown, building analyst for stockbroker James Capel, forecasts that western European plasterboard sales could increase from 400m sq m in 1986 to 725m sq m by 1995. British sales, he says, could rise from 130m sq m last year to 200m sq m by 1990.

BPB is Europe's biggest plasterboard manufacturer with an estimated 50 per cent of the European Community market. It is market leader in France and in Germany, where it is the second-biggest producer. In April when it acquired Rigip's plasterboard and gypsum interests.

BPB's share price has fallen by more than 35 per cent since Redland announced its joint venture. Redland's share price by comparison, had fallen 20 per cent by

PLASTERBOARD DELIVERIES IN WESTERN EUROPE (in square metres)

Country	1985	1986	1987*	1995*
UK	122	136	150	200
France	130	135	145	240
W. Germany	60	60	64	80
Italy	5	5	10	36
Northern Countries	8	9	10	15
Sweden	24	24	28	33
Austria	19	19	20	27
Spain	5	6	9	20
Switzerland	5	5	4	5
Ireland	14	14	14	19
TOTAL	435	460	500	725

\*James Capel estimates. - Reported. No independent capacity in Italy until 1990

yesterday morning and the FT Actuaries' building materials index by just over 27 per cent.

BPB has been Britain's only plasterboard manufacturer since 1968, when it closed its BIL-Norwegian plant in Cleveland. Its share price, therefore, was always going to be vulnerable to an outbreak of competition in the UK.

Brokers say that one advantage BPB has over its British market rivals is that it mines and quarries its own rock gypsum and produces its own liner board, both of which are used to manufacture plasterboard.

Redland and CSR plan to import Spanish gypsum and, probably Swedish liner board,

which some observers say could make it vulnerable to currency fluctuations and supply disruption.

The joint venture recently acquired a 44.9 per cent stake in Norwegian plasterboard manufacturer, and intends to import plasterboard until the first of two proposed British plants opens around 1990.

Essex TAG, a Belgian company, also plans eventually to build a British manufacturing plant. In the meantime it has taken over the Essex-based import and distribution facilities of Lafarge Coppee, a large French building materials group.

Coppee, which this year will import just over 2m sq m of plasterboard into the UK, less than 2 per cent of total sales, says that strong demand for plasterboard in France has made it difficult for it to increase its share of the British market.

Knauf, a privately owned company, from Iphofen, northern Bavaria, is the latest company to emerge as a potential threat to BPB's British sales.

It is seeking planning permission from Swale Borough Council to build a plasterboard plant on 32 acres of vacant land near Sittingbourne, Kent.

Mr Jamie Stevenson, building analyst with stockbroker Wood Mackenzie, says that, judging by the scale of the application, Knauf is planning a plant with a capacity of about 30m sq m.

He forecasts that this could represent more than 10 per cent of the British market by 1990. Knauf, if it goes ahead with its plans, is likely to import Spanish gypsum but to use locally produced liner board.

The news that Knauf was seeking planning permission hit BPB's share price on Tuesday when they fell another 25p to 248p.

The stock market appears to be taking the view that increased competition might be good news for plasterboard customers but may not be quite so good for shareholders of some of the companies involved.

## Kleinwort chairman named

By David Lees, Banking Editor

MR DAVID PEAKE is to become chairman of Kleinwort Benson, the merchant bank and insurance company, which is to be taken over by Mr Michael Hawkes, who reaches the bank's retirement age of 60 next month.

Mr Peake, 53, is vice-chairman of the company and has been chairman of Kleinwort Benson Investment Management, its subsidiary.

He trained with Banque Lambert in Brussels and worked with Societas for several years before joining Kleinwort in 1963. There, his experience has been mainly in banking and international capital markets.

Mr Peake will be intended to pursue the policies of Mr Hawkes, which are to make Kleinwort an investment-banking group of global stature.

Kleinwort will also strengthen its group structure. The currently vests principal management authority in Kleinwort Benson, the operating company, rather than in its publicly-quoted holding company, Kleinwort Benson Limited.

Mr Peake will be chairman of Kleinwort Benson but will succeed Mr Robert Henderson as chairman of the holding company when he retires next year.

Mr Hawkes will become executive deputy chairman of the holding company. There he will be in charge of the company's resources and risk-management worldwide.

The executives at the head of Kleinwort's main operating divisions will also join the holding company board.

## Tax relief for 1,800 givers

By Philip Stephens, Economics Correspondent

MORE than 1,800 schemes have been established during the last 18 months providing tax relief for charity donations which are deducted directly from employees' pay packets, says Peter Lillier, the Economic Secretary to the Treasury said yesterday.

The payroll giving scheme allows employees to receive tax relief on contributions of up to £120 per year.

Mr Lillier said it had led to an upturn in donations.

## Policy change for north urged

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

MANCHESTER - Chamber of Commerce and Industry - one of the largest bodies representing the private sector in the north - is calling for fundamental changes in the Government's regional policy to help business, particularly manufacturing, to create wealth before jobs.

The chamber, which set up an economic committee a year ago to develop a growth strategy for the north-west, published the committee's first paper yesterday. This says that regional assistance is mainly directed at employment, not growth.

"Grants have been used to preserve jobs or postpone redundancies rather than to invest in long-term growth. This is a social policy, not an economic policy," the paper says.

Arguments about whether there really is a north-south divide are described as diversionary tactics. The real problem, it is seen as the over-concentration of wealth and invest-

ment in one corner of the UK - London and the south-east.

"The north-west, which already provides 11 per cent of UK gross domestic product and 28 per cent of UK manufacturing output, could contribute more to the national economy if its economic potential were understood in the capital," the committee says.

It believes that natural economic forces will drive investment northwards in the long run, provided they are allowed to operate by the removal of distortions such as Government failure to carry out five-yearly revaluations of rateable property since 1973, which has given taxpayers in the south-east a

paper, strikes a south-eastern bias in air transport as a distortion that has penalised all other regions and inconvenienced millions of passengers.

It says another is the Government's employment and purchasing policies, which have pro-

duced a concentration of manpower in London, where costs are highest.

Moving large departments out of London is seen as an important means of correcting the imbalance.

The paper also says that the Scottish and Welsh Development Agencies cost the rest of UK taxpayers more than £100m a year in subsidies and distort economic forces even more.

The main advantage of the agencies is not providing financial aid but the coherent policy towards business, with co-ordination of government departments and ministerial spokesmen in the Cabinet.

A mechanism for similar co-ordination could be devised elsewhere if some Cabinet ministers also had responsibility for an English region as well as for their own department, it says.

However, the impact would be limited if the centralism of the Civil Service remained untouched.

## New car sales rising sharply

BY JOHN GRIFFITHS

NEW CAR sales in the UK have been accelerating sharply this month in spite of the stock market downturn.

Industry figures yesterday showed sales in the first 20 days of November up 15.31 per cent on the same period of 1986, itself a year of record sales totalling 1.62m.

The increase for the current month is one of the biggest in percentage terms, of any period this year. Sales would now have to collapse below last year's levels to not reach the 2m sales mark for the year to date to 1.825m.

Ironically, the biggest threat to reaching this target is from within the industry - the labour

stoppages at Ford, the market leader. The company said last night that it had lost output of 11,000 cars, mainly Stermas and Sapphires.

The industry figures showed 104,384 cars sold in the first 20 days of this month, compared with 90,482 last year, bringing sales for the year to date to 1.825m.

The figures could send a fierce debate over car sales next year. At a conference organised by the UK trade publication Motor Trader, Mr Arthur Way of the Royal Automobile Association said that until the stock market turned down, the EU had been forecasting a 2.5 per cent fall in

new car sales to 1.92m this year's expected 2m units. A 5 per cent fall to 1.86m units with a further drop to 1.76m the following year was now more likely.

Mr Peter Batchelor, Vauxhall's sales and marketing director, predicted a fall to 1.9m units next year, dropping to 1.5m in 1989. "After that there will be slow growth which could result in an annual market as high as 2.5m in the year 2,000."

The Peugeot 405 saloon, UK production of which is getting under way at Peugeot Talbot's plant at Kyren, near Coventry, has been elected Car of the Year by the award's international panel of 67 judges.

## Brokers' body can seek recognition

BY ERIC SHORT

REGISTERED insurance brokers with life, pension and other financial services operations that are comparatively small will be able to receive authorisation under the financial services legislation, says the Insurance Brokers' Registration Council.

The council has been given clearance by the Securities and Investments Board to seek to be a recognised professional body.

Under the 1977 Insurance Bro-

kers' Registration Act, firms operating as insurance brokers must be registered with the council for general, life and pensions business.

Under the financial services legislation, life and pensions business has to be authorised, usually by the Financial Intermediaries, Managers and Brokers Regulatory Association or through a recognised professional body.

Insurance brokers operating

mainly in general insurance already provide most of the required information for authorisation to the Insurance Brokers' Registration Council.

It would be convenient for these brokers to be authorised by the same route as they are registered and this may now be possible.

About 1,350 brokers would be eligible.

Michael Dixon examines the Government's proposals for a further shake-up in the National Health Service

## Charges to be extended for dental treatment and eye tests

THE END of free eye tests and dental checks, and higher charges for National Health Service dental treatment were signalled by the Government yesterday as part of its scheme for developing the UK's primary health care services.

The proposed scheme, set out in a new Health and Medicines Bill and a supporting white paper, contains a range of options for health authorities to make money by running shops and selling services and facilities to the private sector. It also contains measures to tighten up the management of NHS employees, including family doctors and dentists.

Although the £5.08bn a year public cost of the family practitioner service is to be increased by a total of £570m during 1988-91, the Government said the extended charges and other money-raising activities were indispensable to its plan for developing primary health care. The plan's main objectives are:

- To make services more responsive to the needs of the consumer.
- To raise standards of care.
- To promote health and prevent illness.
- To give patients the widest range of choice in obtaining

high-quality primary care services.

The bill - which would apply throughout England and, with some detailed differences in Wales, and also largely in Scotland and Northern Ireland - would provide direct powers for the widening and raising of charges.

Sight-testing would be privatised for all except children and young people in full-time education, adults on low income and people registered as blind or partly sighted who would continue to receive NHS tests without charge.

Those undergoing tests, whether private or free, would have the right to a prescription or a statement that a prescription was not necessary. The optician will not be able to charge for the sight test or for any spectacles required until this has been done, the white paper says.

Exceptions to the charges for dental checks and treatment would include pregnant women and those who have had a baby in the past 12 months, children and young people in full-time education and low-income adults.

The proposed charge for dental examination is estimated at "under 50" at present-day prices. The generally increased charges for dental treatment would be calculated on a new basis, relating what was paid by the patient to the cost of the service provided.

In the case of family doctors the Government's proposals were

strictly factual statements about themselves and their services.

Emphasis was also placed on changing the system for paying NHS general practitioners, so that rewards would be tied more closely to performance, and to provide incentive payments to encourage developments.

The proportion of the doctors' total NHS pay depending on the

number of people using their particular practice would be raised from the present 47 per cent to at least 50 per cent in the first instance.

Doctors would also have to meet stiffer conditions before qualifying for the full basic practice allowance, currently £7,850.

Incentive payments would be introduced to encourage such activities as initial health checks and follow-up treatment for newly registered NHS customers, comprehensive services for the elderly, meeting immunisation and vaccination targets, working in run-down and isolated areas, performing minor operations and attending in-service training

courses for general practitioners and their associated staff.

A compulsory retirement age of 70 would be introduced for NHS family doctors, although family practitioner committees in England and Wales and health boards in Scotland could continue contracts with older practitioners if circumstances required.

The NHS contract for dentists would be amended to ensure dentists provided advice on oral hygiene. Subject to the successful outcome of current experiments, dentists could be required to maintain children's oral health at a specified fee per child, rather than charge for each hour of service provided.

Under the bill, the Government would be able to impose a compulsory retirement age - not yet determined - for NHS dentists, and to streamline and strengthen the managerial powers of the Dental Estimates Board. Complaints against the boards would be subject to investigation by the Health Service Commissioner.

Matters for discussion with the dental profession include a new pay system incorporating incentives for high efficiency and standards, and the appointment

of part-time "advisers" to keep watch on NHS dentists.

Community pharmacists, who were put under a new type of NHS contract earlier in the year, would be subject to only a few additional changes. They include the introduction of allowances for pharmacy contractors who take an active part in training other community health workers, keep substantial records of medicines used by individual patients - particularly the elderly - and display health-promotional material.

The Government would also begin negotiation with the pharmacy profession to establish a fund to improve pharmacy services in deprived areas.

Where community nursing services were concerned, the white paper emphasised "that there is no single right way of organising services and the decision about what is appropriate in different localities remains one for the health authority concerned."

The Government nevertheless intends to consult the appropriate professional





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## UK NEWS

# Electronics research 'needs higher funding'

BY DAVID FISHLICK, SCIENCE EDITOR

BRITAIN'S ELECTRONICS industry is spending too little on research and development to stay competitive internationally, says Mr John Fairclough, the government's chief scientific adviser.

Mr Fairclough, on secondment from IBM(UK) to head the Cabinet Office's scientific secretariat, believes that, as a high-technology activity, the electronics industry should be spending as much as 10 per cent of its turnover on research and development.

Mr Fairclough was commenting on the review for 1988-89 of government-funded research and development published yesterday. For the first time, the review includes a comprehensive picture of research and development expenditure in industry.

Industry is urged to spend more on research and development, particularly in the Alvey programme in advanced information technology.

Overall, Britain's industrial R and D has grown 12 per cent in real terms between 1981 and 1985, a trend Mr Fairclough finds very encouraging, although it trails the international competition.

Chemicals and pharmaceuticals grew by 20 per cent over this period, compared with 11 per cent for the electronics sector.

The vehicle sector, analysed as industry's overall expenditure on R and D rather than expenditure by motor manufacturers, showed a 60 per cent increase - but from a much lower base which had been declining.

Mechanical, electrical and aerospace engineering all cut their R and D spending. International comparisons suggest that British industry funds

INDUSTRIAL R & D	
Total spending	1981 1985
£bn (cash)	3,793 5,146
£bn (1985 prices)	4,873 5,146
Sector (1981 index)	
Chemicals	100 120
Mechanical	100 75
Electronics	100 111
Other electrical	100 88
Aerospace	100 86
Vehicles	100 160
Other manufacturing	100 93
All manufacturing	100 104
Non-manufacturing	100 124

only 66 per cent of its total R and D expenditure, compared with 98 per cent by Japanese industry, 82 per cent in Germany and 71 per cent in France.

Government spending on R and D was \$4.52bn in 1985-86, the same in real terms as for the two previous years. It represented 3 per cent of total central government expenditure and 1.3 per cent of the gross domestic product.

Taking account of the additional \$200m announced by the Chancellor in his autumn statement, the Government's provisional plans for expenditure on civil R and D in 1988-89 will increase by 35 per cent.

Spending on defence R and D is planned to fall from 52 per cent to 48 per cent in 1988-89 and Mr Fairclough said that if defence adopted alternatives such as greater international R and D collaboration and off-the-shelf procurement of overseas weapons his secretary would take care that R and D costs were not simply hidden in the purchase price.

1987 Annual Review of Government Funding R and D. HMSO, £10

## Ashdown Forest sold

BY PAUL CHEESBRIGHT, PROPERTY CORRESPONDENT

EAST SUSSEX County Council is buying the freehold of Ashdown Forest, 6,400 acres of forest and heath in Europe, from the de la Warr family for just over £1m.

The county council said yesterday the move was to ensure single management of the forest by preventing it from being sold off

in lots, and to conserve the flora. However, the effect is to build a bulwark against economic activity in the area. Development is illegal, but the forest is common land and mineral exploration can be permitted.

Ashdown Forest is the largest area of open countryside within 60 miles of London.

## Japanese take their dance partners

By Alice Rawsthorn

NOT CONTENT with dominating the world electronics and motor industries, Japanese corporate ambition has laid siege to one of the more obscure corners of Britain's industrial heritage - ballet shoes.

Yesterday Chacott, the Japanese dance-wear company, bought the Sam Thompson Group, a family business which embraces Freed of London, one of the world's best-known manufacturers of ballet shoes, for \$5m.

Freed has made shoes for prima ballerinas since the late 1920s when Mr Frederick Freed founded the business. Ballerinas such as Margot Fonteyn and Carla Fracci danced in Freed shoes.

Although the Freed factory, in the East End, has been modernised, many of its shoes are still made by hand. Average length of service for employees is 20 years. Some have worked there for 40 years.

The Sam Thompson Group bought Freed in the early 1980s. The group is now composed of its original shoe components manufacturing business, Magdalen, which makes soft ballet and character shoes in East Anglia, and Freed.

Mr Makoto Teuchiya, president of Chacott, plans to turn Freed into a "national brand name". But he will leave production of ballet shoes to Freed.

## Devon sets up venture fund

By Anthony Moreton

DEVON County Council has become the latest local authority to set up a venture fund by investing \$500,000 in the Devon Enterprise Fund.

Mr John Snell, managing director, said yesterday it was hoped all the projects would involve syndicated finance.

Investments in individual concerns will range from a minimum of \$50,000 to a maximum of \$350,000 and are designed to complement traditional sources of finance.

# David Brindle examines the prospects of a shake-up in Civil Service work patterns

## New 'taskmaster' takes over at Whitehall

WHEN Ms Anne Mueller arrived at the Treasury this week to take charge of Civil Service pay and conditions, she had in her hand baggage a report which has set the tea cups rattling the length and breadth of Whitehall.

Part-time working, temporary contracts, a reserve labour force retained on "half-hour" contracts, home working and streamlined dismissal procedures are just some of the radical ideas set out in the report on shaking up work patterns in government departments.

With an air almost of surprise, the report says: "Examination of working conditions outside the Civil Service shows that many people do not work from 9 am to 5 pm, five days a week, with the prospect of a lifetime's employment and career advancement."

It goes on to conclude that it is time Whitehall caught up with the outside world's growing flexibility in terms of Working Patterns - the title of the report - and that, for

starters, 10 specific steps should be taken.

Such a no-nonsense approach has given an early clue to those wondering how Ms Mueller would tackle her new role, having moved, as second permanent secretary, from the Management and Personnel Office to the Treasury and taken personal responsibilities with her.

But there was a general feeling in Whitehall yesterday that the report's bark is likely to be far worse than its eventual bite; that transformation of the 500,000-strong white-collar Civil Service into a fully flexible labour force may be some way down the road just yet.

As the report itself says: "The purpose of this study is not to advocate the adoption of alternative working patterns if the cost (in terms of abandoning the intrinsic features of Civil Service employment) is unacceptable."

The report, prepared by the MPO, outlines evidence of the increasing variety of work patterns in the pri-

The steps recommended in the report are described as the "first moves" towards improving the organisation of working time in the Civil Service.

- Experimentation with recurring temporary contracts, nil-hours contracts and annual hours contracts.
- Extension of part-time employment on a large scale and on an individual basis, particularly at senior level.
- Extension of use of period contracts and home working.
- A review of flexible hours schemes; and reform of shift disturbance allowance and travel and subsistence allowance schemes.

ivate sector. It says the Civil Service must make this variety both a cost and a productivity grounds and on the basis of need to attract staff

who prefer certain patterns.

Only 2 per cent of the existing government workforce is said to be temporary and only 3 per cent part-time, while overtime payments for those working a full five-day week are said to have been £28m in 1985 - 3.9 per cent of the payroll.

At the same time, the report admits the Civil Service has actually led the private sector in developing certain other work patterns: flexible hours, described as "an attractive condition of service that has been helpful in retaining staff at a time of high wastage", on-call and stand-by arrangements, applying in a wide variety of functions; and "keep-in-touch" schemes for staff on temporary absence, such as maternity leave.

Overall, however, the report says line managers must be given much more encouragement to implement work-pattern changes - particularly at the centre - to a standard employment pattern has restricted willingness to innovate."

Customs and Excise, Immigration and the National Savings Bank, where work volumes fluctuate markedly.

In the long run, it says, this could necessitate revision of civil servants' contracts and even implementation of elaborate "annual hours" contracts more usually found in continuous process industries such as paper-making and chemicals.

In the short term, the aim should be pilot schemes to test the water. But this, it is pointed out, would require consultation with the Civil Service unions and, more important, the support of managers themselves. Which could be the biggest obstacle.

As the report says: "The study indicates that the commitment of Civil Service managers - at local level, in departmental establishments divisions and at the centre - to a standard employment pattern has restricted willingness to innovate."

## Fowler places emphasis on training unemployed

BY SARA WEBB, STOCKHOLM CORRESPONDENT

GOVERNMENT programmes to help the unemployed will increasingly focus on training rather than merely provide income support through social security payments, Mr Nilsen Fowler, Employment Secretary, said at the end of a two-day fact-finding visit to Sweden.

Mr Fowler said that what he had seen of Swedish training schemes confirmed that the UK Government had been right to end the entitlement of 16 to 18-year-olds to supplementary benefit. He said: "We are right to seek to ensure that as many people as possible be trained rather than seek to provide them with supplementary benefit."

Mr Fowler said he shared the

general attitude of Swedish employment officials. There is no sympathy with people who do not want to get into employment. That is a very sensible attitude, he said.

Critics of the recent merger of employment benefit offices and JobCentres will interpret Mr Fowler's remarks as an indication that the Government may introduce tighter availability for work tests which the unemployed would have to pass before they could claim benefit.

The emphasis on training and placing people in jobs would be taken up in the unified programme for the adult unemployed that the Government launched last month, next September, Mr Fowler said.

## £150m shop centre plan

BY PAUL CHEESBRIGHT, PROPERTY CORRESPONDENT

PRESSURE FROM property developers to build shopping centres to the west of London has increased with a proposal by County and District Properties to develop a £150m centre of 1m sq ft, south east of Slough.

County and District is a subsidiary of Costain and the announcement of its plans coincides with the start of a public inquiry into an appeal by ABC Properties against a refusal of planning permission for a £250m shopping centre at nearby Wraysbury.

## Audit firms to have no extra council work

By Richard Waters

PRIVATE firms' involvement in auditing local authorities would not be extended, Mr Howard Davies, controller of the Audit Commission, said yesterday.

The decision, which comes shortly before the commission reviews the audit appointments to the 450 English and Welsh authorities, has already caused one firm to pull out of local authority business and may lead to further withdrawals from the market.

Private firms were first given extensive local authority audit work in 1983, when about 150 jobs were given to 11 firms. This was intended to improve standards of audit work by introducing competition and private sector experience.

The other 300 authorities continued to be audited by the public sector District Audit Service. The appointments, which last for five years, will be reviewed next year.

The decision not to give more work to private firms reflected the fact that the standard of the DAS's audit work had improved considerably, Mr Davies said. There was little to choose between the work of the DAS and private firms.

## Scotland 'would be hit hardest by recession'

SCOTLAND would suffer more than the rest of Britain if the stock market slump led to recession, says the Fraser of Allander Institute in its quarterly economic commentary published yesterday.

In a downturn the Government would have to be prepared to act by boosting public spending rather than by cutting taxes, it says.

The Institute, a research body at the University of Strathclyde, Glasgow, says a world slump would affect Scotland more than the rest of the UK because:

• Many Scottish businesses are owned by US and other foreign parent companies, which might be forced to trim their operations.

• The report says further cuts in interest rates would be needed if an overseas recession seemed likely "but we continue to urge that the interests of the economy would be better served by an expansion of public expenditure rather than tax cuts."

• A further slide in the dollar's value could damage small North Sea oil companies and retard any recovery in important fields, the Royal Bank of Scotland says in its monthly publication of its North Sea production index.

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. order	Retail vol.	Retail val.	Unempl.	Vacancies
1986							
1st qtr.	108.7	108.0	97	121.3	144.0	8.283	17.6
2nd qtr.	110.3	109.4	96	123.7	148.7	8.302	20.2
3rd qtr.	111.1	109.4	96	124.2	149.3	8.311	21.6
4th qtr.	111.1	109.4	96	124.2	149.3	8.311	21.6
1987							
1st qtr.	111.9	109.4	96	125.4	152.0	8.273	22.4
2nd qtr.	112.9	109.4	96	126.2	155.4	8.264	23.6
3rd qtr.	114.3	111.4	96	127.5	157.2	8.257	24.3
4th qtr.	115.2	109.0	94	128.0	159.0	8.219	21.7
May	115.2	109.0	94	128.0	159.0	8.219	21.7
June	115.9	109.0	93	129.4	167.3	8.255	22.7
July	114.5	111.1	93	131.2	172.7	8.276	23.2
Aug.	115.0	111.9	93	131.2	172.7	8.276	23.2
Sept.	114.3	111.3	93	131.5	171.0	8.275	24.6
Oct.	114.3	111.3	93	131.5	171.0	8.275	24.6
Nov.	114.3	111.3	93	131.5	171.0	8.275	24.6

OUTPUT-By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly seasonally adjusted).

	Consumer goods	Investment goods	Intermediate goods	Eng. output	Metal mfg.	Textiles	Leather	Housing starts
1986								
1st qtr.	108.9	106.8	114.9	101.1	100.1	100.1	100.1	14.4
2nd qtr.	109.3	106.7	115.2	101.2	100.2	100.2	100.2	15.5
3rd qtr.	109.4	106.3	117.5	100.3	100.3	100.3	100.3	15.5
4th qtr.	108.5	105.8	116.0	100.4	100.4	100.4	100.4	15.5
1987								
1st qtr.	108.1	105.2	117.9	100.3	100.3	100.3	100.3	17.4
2nd qtr.	111.1	102.0	117.5	100.3	100.3	100.3	100.3	19.6
3rd qtr.	112.9	101.0	117.5	100.3	100.3	100.3	100.3	19.6
4th qtr.	108.1	100.3	118.5	100.2	100.2	100.2	100.2	19.6
May	107.9	100.7	118.5	100.2	100.2	100.2	100.2	20.2
June	107.9	100.7	118.5	100.2	100.2	100.2	100.2	20.2
July	111.1	102.0	118.5	100.2	100.2	100.2	100.2	20.2
Aug.	111.1	102.0	118.5	100.2	100.2	100.2	100.2	20.2
Sept.	111.1	102.0	118.5	100.2	100.2	100.2	100.2	20.2
Oct.	111.1	102.0	118.5	100.2	100.2	100.2	100.2	20.2
Nov.	111.1	102.0	118.5	100.2	100.2	100.2	100.2	20.2

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible trade current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US\$bn
1986							
1st qtr.	121.9	120.1	-1,600	+146	+785	102.5	19.20
2nd qtr.	122.6	120.9	-2,891	-310	+621	103.2	22.49
3rd qtr.	126.5	144.0	-3,726	-960	+786	100.9	21.82
4th qtr.	126.5	144.0	-3,726	-960	+786	100.9	21.82
1987							
1st qtr.	120.0	122.2	-1,126	+472	+1,164	100.6	27.04
2nd qtr.	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
3rd qtr.	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
4th qtr.	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
May	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
June	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
July	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
Aug.	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
Sept.	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
Oct.	120.7	124.7	-2,265	-174	+1,023	102.7	34.36
Nov.	120.7	124.7	-2,265	-174	+1,023	102.7	34.36

FINANCIAL-Money supply M0, M1 and M2 (three months' growth at annual rate); bank sterling lending to private sector; building society net new loans; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M2 %	Bank lending \$m	BS inflow \$m	Consumer credit \$m	Base rate %
1986							
1st qtr.	3.1	26.9	27.2	+4,455	1,423	+346	12.00
2nd qtr.	2.9	26.9	27.2	+4,595	162	+752	12.00
3rd qtr.	7.8	16.3	14.1	+10,616	2,514	+444	11.00
1987							
1st qtr.	1.3	26.6	26.2	+4,733	1,465	+322	10.00
2nd qtr.	2.3	26.7	26.2	+4,733	1,264	+323	9.00
3rd qtr.	2.3	26.6	26.2	+4,733	1,264	+323	9.00
4th qtr.	2.3	26.6	26.2	+4,733	1,264	+323	9.00
March	4.8	33.8	28.4	+2,068	547	+409	18.00
April	0.1	20.9	28.4	-1,973	727	+410	15.00
May	5.5	27.8	28.5	+2,600	521	+389	15.00
June	4.6	26.5	21.5	+2,521	521	+384	9.00
July	7.7	24.5	24.1	+3,575	547	+329	9.00
Aug.	7.1	22.5	21.2	+2,187	697	+286	9.00
Sept.	0.6	19.5	22.3	+4,368	819	+403	10.00



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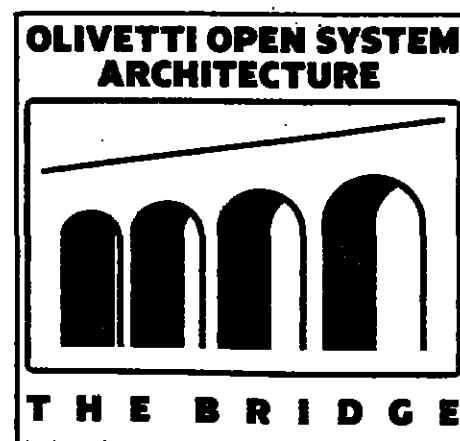
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NATIONAL INSTITUTE ECONOMIC REVIEW

## Slower growth forecast next year

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GROWTH of Britain's economy will slow markedly next year but the stock market crash does not yet threaten a recession, the National Institute of Economic and Social Research says.

In its latest quarterly Economic Review, the Institute says that the pace of output growth next year will be hit by two factors: the equity price slump and sterling's appreciation this year against other major currencies.

The stock market fall, which is estimated to have reduced the personal sector's financial wealth by more than £80bn, is expected to have a small dampening effect on consumption next year, cutting spending by about 0.3 per cent.

In parallel, sterling's appreciation, particularly against the dollar but also against the D-Mark, will limit increases in exports, reinforcing the impact on overseas sales of slower growth in world trade as a result of the global stock market crash.

However, the Institute adds that the strength of the economy, with non-oil output set to rise this year by more than 4 per cent, means that recent events will "serve to moderate the pace of expansion rather than to herald a recession."

On the assumption that the Government sticks to its medium-term financial strategy and cuts taxes by £3bn in the next Budget, output in 1988 is forecast to increase by 2.4 per cent. However, the pace of expansion will slow to 1.5 per cent in the last three months of the year and in 1989 the economy can be

Home Economy						Group of 7		World Trade
Real GDP	Manu- facturing	Unem- ployment	Retail prices	Current balance	PSBR	Real GNP	Retail prices	Volume
Total	Non-oil	(4thqtr)	(4thqtr)	(£bn)	(£bn, financial year)		(4thqtr)	
1986 3.0	3.1	1.1	3.1m	3.4	-1.0	3.5	2.7	2.2
1987 4.0	4.3	5.0	2.7m	4.1	-1.6	1.3	2.6	3.1
1988 2.4	2.8	3.2	2.6m	4.9	-2.8	1.4	2.3	3.7
1989 1.5	1.8	1.3	2.8m	5.5	-5.0	3.5	2.1	3.4
Percentage change, year on year, unless otherwise specified								

expected to grow at the same pace.

Against that background, the rate of recent falls in the unemployment total will slow next year and, in the absence of new policy initiatives, the number of jobless could begin to rise again.

The review points to a steady deterioration in the balance of payments current account, despite an unusually strong export performance relative to past trends. The volume of exports is expected to rise by more than 5 per cent this year and by nearly 3.5 per cent in 1988 but imports are expected to rise by 6.5 per cent and 6.7 per cent respectively.

The worsening trade position may be masked initially by sterling's recent strength, which cuts the price of imports but the current account is likely to show a deficit of £2.8bn in 1988 and of £5bn in 1989.

A strong pound will also moderate the rate of price increases, with the Institute forecasting only a slight acceleration in the inflation rate late next year.

The trade outlook can be expected to put downward pressure on the pound towards the end of 1988 but any depreciation would be limited by a continuation of the Government's present exchange rate and interest rate policies.

The Institute, in its appraisal of the policy options, argues strongly that the correct response to the prospective slowing of growth would be an immediate cut in interest rates. Recent research suggests that this would give a significant boost to both investment and consumer spending and would also help to hold the exchange rate down.

In an analysis of the economic recovery over the past five years, the Institute says that the

strength of output growth has to a significant degree reflected a modification of the "monetarist" strategy which the Government introduced in 1979. Both fiscal and monetary policy in recent years have been less stringent than was generally believed to be the Government's intention, it says.

It adds that the Government's micro-economic policies and its encouragement for enterprise may have strengthened growth but a decision by employers and unions to ignore official advice on wages may have been more influential.

Strong gains in productivity reflect the decision by many companies to adopt a "high-tech" rather than a "low-tech" approach to competitiveness, which won the co-operation of union members by ignoring the Government's advice and awarding high real wage increases.

## Manufacturing still vital for job creation

BY RALPH ATKINS

BRITISH MANUFACTURING remains vital for job creation and fuelling economic growth yet it lags behind many international competitors in technological competitiveness, concludes the National Institute economic review.

Three papers by outside contributors examine the health and relative performance of British manufacturing in the 1980s. They look at research and development spending, industrial support policies and the question "does manufacturing matter?"

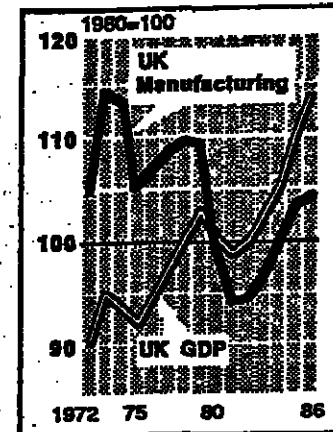
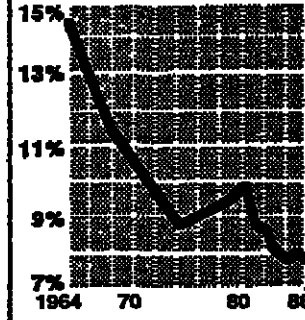
The reports are set in the context of an economy where manufacturing output is still below 1973 levels while service industries such as banking, finance and insurance are growing quickly. Oil exports have, for many years, paid for increased manufacturing imports.

In addition, industry faces a government that emphasises the use of competitive markets to stimulate efficiency. The role of the entrepreneur is stressed while the part played by government is limited to providing a stable financial framework in which the business community can operate.

The papers conclude that the continuing decline of manufacturing industry does matter. Manufacturing companies have a role in providing jobs and stimulating the growth of the economy that cannot be matched by other business sectors.

Yet there are worrying signs that British industry is failing to keep up with international rivals in setting resources aside for

## UK share of world trade in manufactures



behind Britain's relatively poor performance in industry-financed R and D is the unwillingness or inability of companies to set aside an increasing share of profits or output at the same rate as foreign competitors.

The paper says that performance analysis would be improved if public companies were forced to disclose R and D spending and if spending financed from companies' own resources was separated from that financed by government.

However, the authors highlight worrying shifts in Britain's technological competitiveness since the 1960s. These include a significant decline in electronics, and the inadequacy of the British science base for the technologically dynamic chemical industry.

Moreover, argues the paper, the privatisation programme is likely to reduce further the influence of government over technological activity.

The third paper, by Mr James Shepherd, a senior economist at the Department of Trade and Industry, details industrial support policies under the Conservative Government since 1979. In 1987-88, he says, the department plans to spend £417m on programmes that can be described as industrial support.

The paper argues that there is "a fundamental conflict" between a Government seeking to maximise the role of markets and intervention to help industry. The provision is that "such policies are seen in perspective and, to some extent, as a last resort."

says Mr Mayes.

Mr David Mayes, of the National Economic Development Office, says Britain is not alone in witnessing a fall in the ratio of manufacturing to total output, but few countries have suffered such an absolute decline in manufacturing output.

This fall has been partly offset by North Sea oil volumes, says Mr Mayes, but that was a one-off and-for-all gain.

Mr Mayes argues that there are substitutes - such as service industries - for manufacturing in job creation, exports and stimulating growth, but their role is limited. Moreover, if these substitutes were adequate, it would imply that recent high unemployment is merely transitional.

"All one can say at this point is that no major forecaster is suggesting that the problem of unemployment can be eliminated over the next few years,"

## Louvre accord 'a cause of crash'

BY SIMON HOLBERTON

FEBRUARY'S Louvre accord sowed the seeds for the crash in global equity markets last month because the industrialised countries erred in trying to fix the dollar at too high a level, according to the National Institute of Social and Economic Research.

Substantial intervention by central banks, which by the summer were financing about two-thirds of the US current account deficit, aggravated this error in policy, the Institute said in its November review.

A consequence of central bank intervention was a tightening in monetary policy and a rise in interest rates. When financial markets realised this and its implications for US interest rates "a substantial stock market reaction was not surprising... fear of rising interest rates was probably a major underlying cause of the decline."

The effects of the steep falls in equity prices and assumed higher interest rates next year have led the National Institute to downgrade its forecast of economic growth in the Group of Seven major industrial countries. Growth through next year is estimated to fall from more than 3 per cent forecast in August to 2 per cent, to give a year-on-year increase in gross national product for the G7 of 2.3 per cent in 1988 and 2.1 per cent in 1989.

World trade is expected to slow as a consequence of lower economic growth. The National Institute's forecasted rise in the volume of goods and services traded in 1988 has been revised down by 0.25 of a percentage point to 3.5 per cent and its forecast for 1989 revised down by more than 1 percentage point to 4 per cent.

The National Institute's estimates for growth, prices and exchange rates are made on the basis of higher US interest rates next year. In a separate section of its forecast for the world economy it considers a situation where the US authorities do not raise interest rates to defend the dollar, but keep them lower to ameliorate the effects of the Wall Street crash.

These projections show that the US is a beneficiary of a lower dollar and lower interest rates. Economic growth in the US would be higher by a 0.33 of a percentage point in 1988 and 1989; the current account would begin to improve in 1989 and the US budget deficit would be lower.

A lower dollar and domestic interest rates may be a "reasonable policy response" for the US authorities. The National Institute's econometric simulations show that "a fall in the dollar brings considerable benefits to the US economy and the costs in

terms of higher inflation are small."

Furthermore, once the dollar falls below DM 1.60 and ¥120, subsequent movements in the dollar no longer become a one-way bet and so private speculators may buy dollars and so stabilise the currency around this level.

However, on the assumption of higher US interest rates and the dollar maintaining a level in excess of DM 1.60 and ¥120, the US economy will suffer most from October's slide in share prices, the National Institute believes.

It has reduced its estimate of growth in 1988 by 0.25 of a percentage point to 2.5 per cent and substantially revised its estimate of growth in 1989, from 3.25 per cent to 2 per cent.

Over the next two years the National Institute expects exports to be a "constraint" on growth, accounting for more than 40 per cent of the growth in GNP next year and a third in 1989.

The weakness in the US economy will come from expenditure by the personal and public sectors of the economy. Growth in government expenditure will fall

from 2.4 per cent this year to 1.2 per cent in 1988 and 0.3 per cent in 1989, it says.

On balance, the National Institute believes US consumers will spend less due to the "wealth effect". "Econometric evidence points to a strong wealth effect on US consumption and there is also some evidence that unanticipated changes in wealth are more important than anticipated ones," it says.

Japan is expected to grow strongly over the next two years with GNP advancing by 3 per cent in 1988 and by 3.5 per cent in 1989. The National Institute says there is evidence of a significant shift in domestic Japanese policy towards demand expansion and that this trend should continue into next year.

West German growth is expected to be sluggish, though improving through time. In spite of strong domestic demand which is expected to rise by 3 per cent next year and by 2.5 per cent in 1989 - the trade account will have a negative impact on growth. The National Institute expects West Germany to grow by 1.8 per cent next year and by 2 per cent in 1989.

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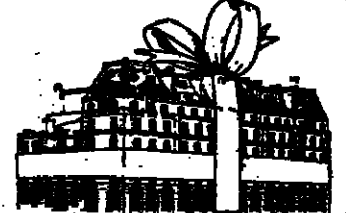
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## UK NEWS - PARLIAMENT and POLITICS

Peter Riddell explains why only one of 12 departmentally related committees has been established  
Select committees stuck fast in a holding pattern

## Peers point up electricity sell-off risks

BY TOM LYNCH

A CHORUS OF concern over the Government's plans to privatise the electricity industry came from Opposition and crossbench peers yesterday, led by Lord Marshall (Ind), the former Labour Cabinet minister who was chairman of British Rail from 1970 to 1975.

He was joined by other peers, some with nationalised industry and ministerial experience, in warning that security of supply must be protected, though leading free-marketisers argued that the Central Electricity Generating Board had to be broken up as the Government apparently intends.

"It is a dangerous mistake to believe that there are no areas where some form of competition can be harmful to the consumer," Lord Marshall told peers during a debate on privatisation. "There are times competition can be pursued to the point of absurdity."

He argued that "a very large degree" of privatisation would produce a better service from the electricity industry, but he was "horrified" by suggestions from right-wing pressure groups that the CEBG might be split into as many as 10 units.

It would be "madness" to expect "a multitude of new companies" to solve massive problems like the need to decommission the elderly Magnox nuclear stations and develop a nuclear power strategy. Only a centralised authority could cope with the future financial needs of the industry.

Lord Evers (SDP), the former National Coal Board chairman, also expressed concern over whether security of supply could be guaranteed, while still ensuring competition. He urged the Government to ensure that privatisation programme, published consultation document and initiate a national debate.

He argued that the current plans for water privatisation offered "the worst of both

worlds" in that they envisaged ending the successful integrated water system in favour of arrangements which would have no element of competition.

In a maiden speech, Lord Mason of Barnsley (Lab) who succeeded Lord Marshall as Minister of Power in the 1984-70 Labour Government, argued that there was a moral dimension to opposition to the Government's privatisation programme.

A "get rich quick" society had been created in which human values had been lost sight of and young people had been encouraged to a materialistic outlook. He predicted that the electricity industry would be "fettered" for privatisation by further price rises and said the opening of the British market to imports of overseas-generated electricity would threaten the security of supply.

However, Lord Bruce-Gardyne (C), a former Treasury minister, told Lord Marshall: "The onus of proof is on those who think the consumer would be more satisfied with the perpetuation of monopoly."

He warned that the CEBG, which is arguing against its break-up, must not be allowed to use its monopoly to "squeeze" electricity privatisation as was achieved by British Gas over the terms of its sale.

Lord Harris of High Cross (Ind) said: "The more competition we have, the more we need in general laws and less on complex regulation." Privatising electricity in the same way as British Gas would bring the whole privatisation programme into disrepute.

Replying to the debate, Lord Young of Grafton, the Trade and Industry Secretary, advised peers to wait to see the Government's proposals for the industry, but he assured the House that the Government was conscious of the need for both competition and security of supply.

## Tories hit at charges

BY IVOR OWEN

PROMINENT Conservative backbenchers joined with Opposition MPs in the Commons last night in attacking the Government's decision to introduce charges for sight tests and dental examinations in its programme for health care.

Leading the condemnation of the "taxes" were likely to be charged by opponents, Mr Robina Cook, Labour's shadow Social Services Secretary, stressed that one in 20 of those tested were currently being referred on for a medical examination.

On the same theme, Mr Ros-

aid Fearn (Lib, Southport) emphasised: "Prevention is what we are looking for - but it is not what we will get."

Mr Tony Newton, the Health Minister, suggested that some opticians might still provide free eye tests as an inducement for the introduction of the charges, but would not be able to make the provision of such a service contingent on the subsequent purchase of spectacles.

Mr Newton also suggested that the introduction of the charges might help to keep the costs incurred by those requiring dental and optical treatment lower than they might otherwise be.

He said the new charges might help to finance schemes which provided for opticians and chemists to undertake visits to housebound patients.

IT HAS been a frustrating few weeks for Mr Terence Higgins and his 10 colleagues of the Treasury and Civil Service committee.

The stock market crash, the BP share sale, the arguments over the US budget deficit, exchange rate policy and the autumn economic statement would all have been ideal subjects for inquiry. Just as fascinating for them to hear would have been the sometimes contrasting views of the Treasury, the Bank of England and others. But none of this has happened.

So it was only limited satisfaction for Mr Higgins late on Tuesday evening when the Treasury committee, alone of the dozen departmentally related committees, was eventually set up. There is now only time for a couple of hearings, and certainly not a full report, before the Commons is due to debate the autumn economic statement in a fortnight's time. One possibility is, however, that the debate might be delayed which could permit a more detailed investigation.

## Butcher buoyed by orders level

By Ivor Owen

MANUFACTURING industry is now "speaking" Britain's economic growth, Mr John Butcher, Undersecretary for Trade and Industry, told the Commons yesterday. He said the industry was buoyed by orders level.

Questioned about the outlook after the international stock markets fell, he drew encouragement from reports about the current level of orders.

Mr Butcher emphasised that the "healthy" position reflected by orders had been confirmed by the CBI's latest survey. He said the industry was buoyed by orders level. He said the industry was buoyed by orders level.

When Mr Austin Mitchell, a Labour front bench spokesman, stressed that British industry still had to contend with real interest rates higher than those of its competitors, Mr Butcher accused him and his colleagues on the Opposition benches of being increasingly disappointed in their search for bad news.

Mr Alan Clark, the Trade Minister, suggested that the estimated deficit in trade in manufactured goods, already revised downwards twice, might still prove too pessimistic.

Mr Clark spoke of some improvement in Britain's trade with Japan and recalled with evident satisfaction the "expressions of indignation" which characterised earlier exchanges on the issue in July. Manufacturing exports to Japan had increased by some 30 per cent over the last year, he said.

Mr Clark affirmed that the Government was making strenuous representations to the US Administration about the damaging repercussions which could follow if protectionist legislation were approved by Congress.

"We are lobbying very strongly in Washington to ensure that it does not happen," he said.

When Labour MPs called for still stronger representation, he commented: "It is a matter of judgment whether national agitation at this time would be likely to inflame or moderate Congressional difficulties."

Mr Higgins only succeeded in getting the Treasury committee established by persuading Mr Nicholas Winterton to make it an exception to his general objection to the formation of the committees. Under the Commons rules a single member can object to the proposed membership put forward by the cross-party committee of selection.

After a couple of such delays, the proposals, and suggested amendments, are given a full late-night debate on the floor of the House, as they will be next week.

The result is that, as in 1983, the committees will not be established until nearly six months after the general election. There are a number of obvious reasons, apart from the long summer recess - notably the time taken by Labour to settle its shadow team.

There have also been rows over the appointment of two Labour undersecretaries to the defence committee (in the event the eminently mainstream Mr

John Evans and Mr John MacWilliam were chosen) and over the composition of the Scottish committee. The membership of the committees is determined by the party balance in the Commons as a whole. But in Scotland Labour has 50 out of 72 members and there are only five Tory backbenchers (of whom at least two are very reluctant to be on the committee).

As if all this was not enough, there have been personality clashes. While it is up to the members of the committees to elect their own chairmen - and they could all be Tories given their majority - the whips reach an understanding on a division between the parties. This is where the rumbustious Mr Winterton comes in. He has been a long-serving member of the social services committee and apparently feels he should be chairman following the retirement of Mrs Renee Short. But the social services committee is earmarked for Labour and Mr Winterton is forcing the issue on to the floor of the Commons in objection to the whips' behaviour.

There has been irritation among some backbenchers that the whips have been intervening more than usual - for instance, suggesting that Sir Anthony Grant should replace Mr Kenneth Warren as chairman of the trade and industry committee. They have also pushed Mr Timothy Raison as education chairman and Mr David Howell as foreign affairs chairman, raising eyebrows among some backbenchers whether such chairmanships should be the preserve of ex-ministers.

## MPs welcome ministerial line over possible bid for FT

BY IVOR OWEN

MPs in all quarters of the Commons last night welcomed the clearest indication yet given by the Government that any attempt by Mr Rupert Murdoch to secure a controlling interest in the Financial Times would be referred to the Monopolies and Mergers Commission.

During Question Time exchanges Mr Kenneth Clarke, the Conservative Secretary of State for Lancaster, came under strong pressure to give an assurance that, in contrast to the procedure followed when Mr Murdoch's company, News International, took over the Today newspaper, the issue would not be determined by ministerial decision without any reference to the commission.

Mr Clarke said that the relevant provisions of the 1973 Fair Trading Act providing for references to be made to the commission had never been intended to apply where a newspaper was in financial difficulties and facing the threat of imminent closure.

While declining to answer hypothetical questions he told MPs: "You must ask yourselves whether the situation of the Financial Times is such that it would be appropriate to apply to any attempted acquisition of the Financial Times."

Mr Clarke, chief spokesman in the Commons for the Department of Trade and Industry,

stressed: "It is on that basis we would decide whether the act should apply and whether a reference ought to be made to the commission."

Concern among MPs over the implications of the acquisition of a 14.7 per cent stake in the Pearson group, parent company of the Financial Times, by News International dominated the exchanges.

Amid cheers and laughter, Mr Jonathan Aitken (C, Thanet South) said: "Mr Murdoch's description of himself as a 'small investor' in the FT gives a new and bloodcurdling meaning to that phrase."

He maintained that there was an important public interest dimension to be taken into account which demanded firm assurances from the Government.

Mr Aitken pressed for an undertaking that in the event of Mr Murdoch making a takeover bid for the Financial Times the issue would be debated in the Commons before ministers took any final decision in regard to the operation of the Fair Trading Act.

He insisted that it would be wrong to hold the debate after the event, as had occurred in such a "shameful" manner in the case of the takeover of Today, the Sunday Times and The Times.

Mr Clarke replied that he had tried to be "reasonably forthcoming" on a hypothetical question which would only arise if, in fact, Mr Murdoch sought to exercise control over the Financial Times.

He acknowledged the strength of feeling in the House and pressed the Government to be applied as it was intended to be applied.

Mr Malcolm Bruce, the Liberal spokesman on trade and industry matters who led the questioning, said there was "real anxiety" within the Financial Times over the implications of Mr Murdoch's acquisition of a 14.7 per cent stake in the parent company.

Mr Hugh Dykes (C, Harrow East) described the Financial Times as "a masterpiece of objectivity and balance" and urged the Government to ensure that it remained truly independent and free from interference by those holding a minority stake in the Pearson group.

Mr Clarke told him: "I share your anxiety for the Financial Times, one of this country's strongest journals with a great international reputation."

He assured Mr Dykes that he could rely on ministers

to the whips' behaviour. There has been irritation among some backbenchers that the whips have been intervening more than usual - for instance, suggesting that Sir Anthony Grant should replace Mr Kenneth Warren as chairman of the trade and industry committee. They have also pushed Mr Timothy Raison as education chairman and Mr David Howell as foreign affairs chairman, raising eyebrows among some backbenchers whether such chairmanships should be the preserve of ex-ministers.

As if all this was not enough, there have been personality clashes. While it is up to the members of the committees to elect their own chairmen - and they could all be Tories given their majority - the whips reach an understanding on a division between the parties. This is where the rumbustious Mr Winterton comes in. He has been a long-serving member of the social services committee and apparently feels he should be chairman following the retirement of Mrs Renee Short. But the social services committee is earmarked for Labour and Mr Winterton is forcing the issue on to the floor of the Commons in objection to the whips' behaviour.

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## Livingstone rebuked by Kinnock

BY IVOR OWEN

MR NEIL KINNOK, the Labour leader, yesterday rebuked Mr Ken Livingstone, the Labour MP, for his controversial stand on Northern Ireland and warned him that he was not above disciplinary action if he breached party rules in pursuance of his personal campaign.

The warning came at yesterday's meeting of the Labour national executive committee, of which Mr Livingstone is a member, during a debate on a home policy committee resolution confirming the party's support for the Anglo-Irish agreement and attacking Sinn Féin's "bullet and ballot" policy.

Mr Livingstone was one of three NEC members who voted against the resolution, because it failed to condemn what he called "excesses by Protestants and the security forces and because of its support for the agreement."

Mr Kinnock attacked the Labour MP's recent calls for British troops to withdraw from the province and his stated conviction that the IRA would eventually "win the war" in Northern Ireland.

He told Mr Livingstone that he had a right to speak and a right to be wrong and that the evidence suggested he "exercised both rights extensively."

Mr Kinnock went on to remark that the Labour MP's suggestion he could not be disciplined because he had come fourth in the NEC elections was "a very elitist view for someone who considers himself to be such a democrat."

In front of his NEC colleagues, Mr Kinnock continued: "The truth is that anyone, no matter how great their opinion of themselves, who breaks Labour Party rules, is dealt with. The offence so far has been against reason. If it was against rules, action would be taken and you should be clear about that."

In his defence, Mr Livingstone said that he had not wished to air his views so publicly but that he had been provoked by criticism of his position at a recent meeting of the Labour Party Co-ordinating Committee. He made no comment when he left the NEC meeting.

Afterwards, Mr Larry Whitty, Labour's general secretary, said there was now a "definite sense that the chapter is now closed."

But the issue is almost certain to be raised again at a meeting next week of the parliamentary Labour Party, called to hear a report on Mr Kinnock's recent visit to the province and to debate the party's Northern Ireland stance.

Eighteen Labour MPs, mainly members of the hard-left Campaign Group, yesterday put their names to a Commons early day motion condemning the Enniskillen bombing and claiming that the violence and bloodshed stemmed primarily from British occupation of the province.

The motion calls for the withdrawal of all troops within the lifetime of the present parliament and for reunification on a basis that would realise the aspirations of the majority.

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In practice, however, the needs of the committees are likely to come second to the ties of the party managers. Since party is central to life at Westminster, the whips will always seek to retain the initiative and constrain the independence of committees on which the Government of the day has an automatic majority.

The select committees can be, and have been since 1979, an occasional thorn in the side of the Government, but, under present party constraints, they are never going to be allowed to mount a serious challenge.

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## Labour call for Young to resign

By Our Political Correspondent

LABOUR yesterday called for the resignation of Lord Young, the Trade and Industry Secretary, after his reported remarks that outside employers would no longer consider establishing businesses in the inner cities.

Mr Barry Sheerman, Labour's employment spokesman, has written to the Prime Minister, claiming Lord Young's comments represented "a hammer blow" to the self-confidence of industries already working to rejuvenate the inner cities.

In yesterday's edition of The Independent, Lord Young is quoted as saying that the Government's role is to help employment return to the cities. He added: "Now there is no way in which any new outside employer would go into the inner cities."

"Vandalism is too high and the problems are too great," and that I fear hard way of actually doing it."

Mr Sheerman says in his letter that "there could be no more damaging remark than for Lord Young to dismiss out of hand the possibility of new employers coming to the inner cities of Britain."

He acknowledges that self-help, self-employment and co-operatives could help provide new sources of employment but claims there is no hope of teaching inner-city decline without attracting new, outside investment.

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## Wild Highlanders fly their banner in the House

THE traditionally fierce independence of the wild Highland clansmen seems to have spilled over into the seemingly endless arguments over the need for a Scottish parliament sitting in Edinburgh.

This was apparent in the Commons yesterday when the Liberals once again raised the somewhat tattered banner of Scottish devolution. The intention - a somewhat optimistic one - was to present a united front of MPs who favour the principle of devolved government north of the border.

But the result was that when the youthful Liberal MP Archy Kirkwood sounded the charge, the troops went marching off in different directions.

On this occasion at least, the majority of Labour MPs had

been expected to support his 10-minute rule to establish a Scottish Parliament even though it proposed to elect it by proportional representation.

So it was something of a disappointment when the bill was rejected by 186 votes - only 97 in favour and 283 against.

Tory backbencher Michael Brown was quick on his feet. It had been noticed in the division lobbies that Labour MPs were "going in all directions", some into the lobby and some joining the majority.

It seemed to bear out the account given by Allan Stewart, the Scottish Conservative MP, who opposed the Bill and accused its supporters of being "divided by total disunity and backbiting."

With great relief he described



the Festival of Democracy held recently in Glasgow as a demonstration of solidarity behind the cause. First the Scottish National Party dropped out, quickly followed by the two factions of the Social Democrats. Who, who? cried Labour members in a noisy parliament as the identity of this strange minority.

Finally the Liberals pulled out as well.

Mr Stewart could see no tangible benefits from a Scottish Parliament but, from the previous devolution proposals, we knew that the Scottish civil servants would be able to get a 10,000 extra Scottish civil servants.

Needless to say the spectre of the dreaded West Lothian question was resurrected by Mr Stewart to chill the hopes of the Scottish nationalists.

This was the proposition put forward by Labour's Tam Dalyell, then member for West Lothian, to scupper the devolution proposals of the late 1970s.

He had asked the simple but fatal question: how Scottish MPs could possibly attend Westminster and vote on legislation affecting Scotland while their English colleagues were not permitted to have a like say on devolved Scottish matters?

To underline his message, Mr Stewart had some choice quotations from Labour Leader Neil Kinnock when, as a humble backbencher back in 1978, he had warned that devolution would smash the unity of Scotland.

The present renewed enthusiasm for Scottish devolution in some quarters is not unconnected with the hope of winning votes and further cutting the Conservatives' pitifully reduced parliamentary representation in Scotland.

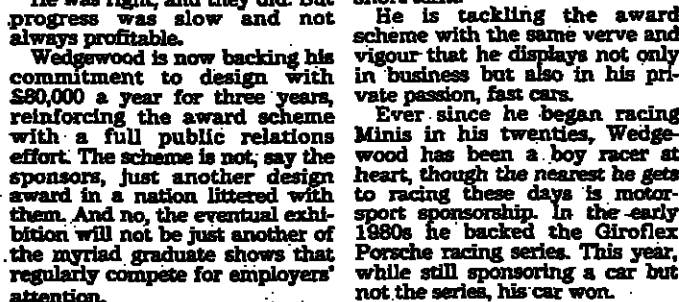
This seemed to be unintentionally acknowledged by Mr Kirkwood yesterday, who dwelt gleefully on what had happened when his proposal for a Scottish assembly was voted down in the last Parliament. It had been opposed from the Tory benches

by Jerry Malone "and look what happened to him".



## Christopher Parkes explains the UK pharmaceuticals group's emphasis on do-it-yourself medicines

## Feona McEwan talks to Chester Wedgewood, backer of the New Designers award scheme



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## ARTS

## Fat Pig/Leicester Haymarket

Michael Coveney

Much has been made in some quarters of the Broadway know-how behind this farmyard musical based on Colin McNaughton's slim children's book about a fat pig who goes on a diet to save his bacon. The libretto and direction are by Mark Bramble, who cobbled together *Shogun*, *The Pig* and lyrics are by Henry Krieger who celebrated *The Supremes* and others in *Dreamgirls*. Broadway obviously knows even less about musicals than we suspect. *Fat Pig* is remarkable only for its inertia, underlit score, lack of narrative power and achingly banal lyrics. After one hour of tedium, *Fat Pig*'s dilemma is raised and he starts working out. To that point, the animals have assembled in obstructive masks and carried on like refugees from an average episode of *Sesame Street* overtaken by the infantile imperatives of the under-fives' television programme *Rainbow*.

A new and entirely predictable element is introduced in a Miss Piggy character who puts it baldly for *Fat Pig*: "You're the destiny issue of pork chops or sausages, he must choose between Love and Food, sex and rumour. But, Piglette, I'm less interested in popping the question (they said that, not me) than in becoming a star."

This she does immediately, so that we can forget about her altogether during *Fat Pig*'s dash for thinness. He is chased through the auditorium, a slice of streaky bacon on the trotter, by the other animals who discover he has been receiving Star Bars and ice-cream sodas about his piggy persona. He ends up, wiser, not a rasher, and the animals rejoice by revealing his hitherto concealed circus skills as trapeze artists and rope climbers.

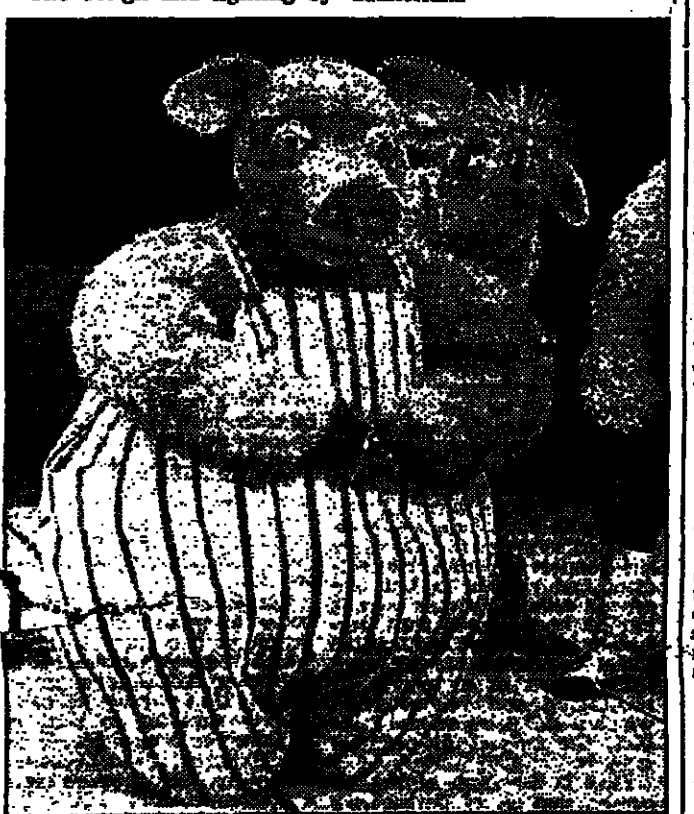
The design and lighting by

Robin Don and Chris Ellis create a child-like animal farm that I suppose is an innocent riposte to *Cats*. *Cats*, in fact, is the clear model, the single plot line of *Gri-zabella's* translation to the *Heavy-side* Layer comparable to *Fat Pig*'s swinish campaign to avoid the chopper. But there all comparisons end. The dance sequences by Danny Daniels are pathetic, the music, ranging from lukewarm Country and Western to anemic rock and roll, devoid of punch and energy. Henry Krieger has nothing to teach Andrew Lloyd Webber, and Mark Bramble a great deal to learn from Trevor Nunn.

Shouts and curly tails aside, we have an airborne Crow, a poetic turkey (who is not, surprisingly, commissioned to write lyrics for Piglette), a centenarian Granny Hen and a cool guy Duck who is an extremely pale shadow of Grasseball in *Starlight Express*. The singing sheep are the final straw, not even managing a bah-bah-bah, bah-Barbar Ann, between them.

As a lesson in how not to do musicals, the show is exemplary. Charm and expressiveness are unachievable among a sea of constructed headgear. You cannot see *Fat Pig*'s eyes, so you do not care what happens to him. It is as simple as that. Peter Hall's *Animal Farm* used half-masks and beastly features to the emotional end of conveying the rampant humanity of low creatures. *Fat Pig* makes a similar claim for itself in a nauseating final chorus, but it has not earned the right to do so.

The Banana Band floats forward on its rostrum at least we can see what the musicians look like beneath their illuminated dildish headgear - and in a final flourish of the truly desperate balloons are released in the auditorium.



Adam Price as Fat Pig

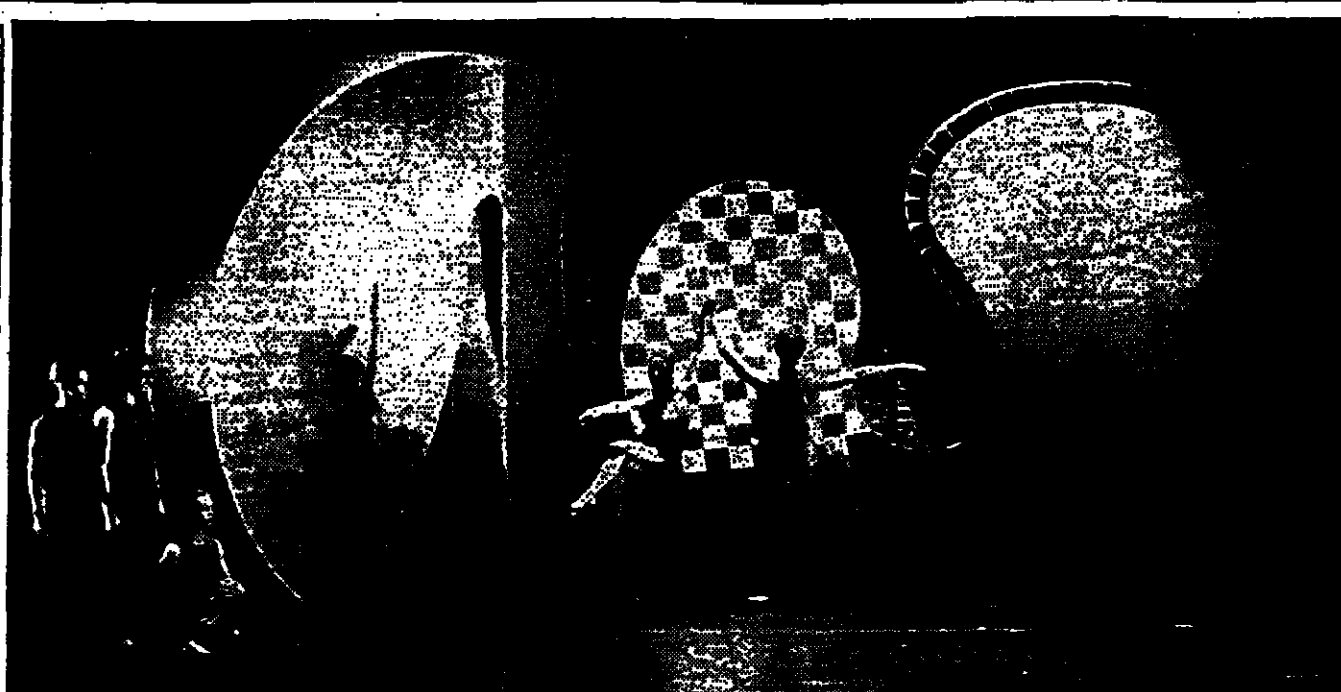
## Royal Ballet to perform Balanchine's 'Bugaku' during its spring season

The Royal Ballet will perform Balanchine's *Bugaku* for the first time this February in a programme together with another Balanchine ballet, *Serenade*. To music by Toshiro Mayuzumi, *Bugaku* is a stylised view of the Japanese wedding ritual: the central theme is a pas de deux celebrating the beauty of the female form.

Also in February, Anthony Dowell will partner guest artist Antoinette Sibley, and Jennifer Penny in *Monon*, and there will be the premiere of a new ballet by David Bintley.

Other ballets will be Bintley's *The Sons of Horus*, Ashton's *Symphonic Variations* and Macmillan's *La Fin du Jour*.

The Royal Ballet is also playing week-long seasons in Birmingham and Manchester during March, where the repertoire for both will consist of Frederick Ashton's new production of *Cinderella*, to be premiered at the Royal Opera House in December (sponsored by British Airways), and a triple bill of Bintley's new ballet, Ashton's *Symphonic Variations* and Jerome Robbins' *The Concert*.



"To my Face Nos. 1, 3 and 2" by winner Richard Deacon, produced for dance collaboration with Lucy Bethune of the Rambert Dance Company

## The Turner Prize/William Packer

## A confusion of principle

At the Tate Gallery last Tuesday evening Mr George Melly, the Turner Prize for 1987 was to go to the sculptor, Richard Deacon. "The Jury particularly admired his fresh, inclusive approach to ideas and materials, his vibrant self-appraisal and his intellectual curiosity. All these characteristics," so the Press Release assures us, "have been abundantly evident in the sculptures which he has recently made and exhibited in Britain, Europe and the United States."

The \$10,000 is given each year by the Patrons of New Art (sponsored this time by Drexel Burnham Lambert) "to the person who, in the opinion of the Jury, has made a contribution to art in Britain in the year before, midsummer to midsummer. It may seem a shade less than the £10,000 prize, but it is a sum of money, and by virtue of the prestige it accrues through its close association with the Tate - and the general national attention it can command - it is clearly worth winning."

And as the winner of the fourth prize of this Autumn of Cup, Richard Deacon is a formidable figure. He stands as the representative of a clutch of younger British sculptors of, shall we say, by now incipient middle age, who have been receiving considerable international attention within the past decade. His own work is large in scale, conspicuously crafted in all manner of material, judiciously ambiguous in its imagery and

reference, and sympathetic to architects as well as to architecture. He was not the favorite to win, but the odds offered by William Hill were hardly generous and he was one of the three short-listed and only serious contenders in the field.

But "the person who has made an outstanding contribution" to British art? The failure even to settle upon the definite or indefinite article keepsake a more fundamental confusion of principle. Yes indeed: it may be fairly argued that Deacon has made an outstanding contribution in his time, though whether it could be constrained within bare 12 months is rather more doubtful. But at this level of nominated eminence we may be forgiven for expecting at least as much from every one of the six nominees. There was a man lost in his way - if it ever had one - and for the Jury to withdraw behind so vague a generalisation is hardly to apply to itself the same standard of rigour that it so admires in its present hero.

It faces a hard but simple choice: to address either recent or long-term achievement, to make that choice clear, and to confirm by an infinitely more rigorous and consistent selection of the short-list than has been seen so far. Each time, and this year is no exception, we have been presented with a choice of two or three, with the rest nowhere. This is demanding for the award, which had not asked to be entered - and in-

lating to those left out yet with a far better claim. It would be invidious here to be too specific, but it is worth going cursorily through the card to make the point. Richard Long, the walker-sculptor and poet-photographer, was the favorite and indeed just odds-on with William Hill, though I would have thought even too short. Had the scope of the Prize or indefinite article keepsake a more fundamental confusion of principle. Yes indeed: it may be fairly argued that Deacon has made an outstanding contribution in his time, though whether it could be constrained within bare 12 months is rather more doubtful. But at this level of nominated eminence we may be forgiven for expecting at least as much from every one of the six nominees. There was a man lost in his way - if it ever had one - and for the Jury to withdraw behind so vague a generalisation is hardly to apply to itself the same standard of rigour that it so admires in its present hero.

Richard Deacon was next in the betting and good luck to him for his win; he was always a strong contender from a powerful, stable, in form and with a lot of support, but again it can only have been his performance over years rather than months by which he was judged.

Patrick Caulfield was third in the book, though I would have put equal with Deacon at about 2:1. He is a distinguished painter whose public career now extends over more than 25 years of steady creative development and consistent, imaginative performance, the stayer of the field. But here we must begin to ask why, if Caulfield was entered, so many others were not - and the answer is virtually at random: Riley, Hoyland, Jones, Blackader, Rego, Irwin, Uglow, Andrews, Freud, Green, Walker, Kossoff, Bellamy, Willing.

And then there are the outsiders, who should never have been entered in this way when it was

so obvious they had no real chance. The argument may be that nomination itself is a distinction to covet, as perhaps it is, though of a perversely patronising kind. Declan McGonagle is a particular victim of this doubtful honour, for he is the token artist, world professional admitted to nominal consideration by the terms of the prize, yet tacitly understood to be in with no chance at all. How the form of critics, curators and dealers be fairly measured against that of working artists is a mystery still to be resolved. McGonagle's record as organiser of exhibitions at the L.A. and now curator once more at the Orchard Gallery in Derry is distinction enough.

Theresa Oulton is a young painter who emerged from the Royal College 8 years ago and enjoyed an immediate success. Her talent is evident and her career lies before her; but if Caulfield's nomination proposes so many others, by how much more does her arbitrary elevation stand as a reproach to her entire generation.

And so it is with Helen Chadwick, at 34 Miss Oulton's exact contemporary, whose elegant sculpture is informed by imagery of a precise femininity self-regard and whose show *Of Mutability* at the L.A. was marked, we are told, by "a striking use of mixed media." An outstanding contribution it was to be sure, but one among so many more.

A small show of work by the Turner Prize short-list remains on view at the Tate until December 13.

## Woodward, Taylor/Adrian Boulton Hall, Birmingham

Dominic Gill

It was one of the Arts Council Contemporary Music Network's most inspired ideas to bring together the two pianists Roger Woodward (from Australia) and Cecil Taylor (from New York) as the two halves of a single evening recital. For the past two decades, Woodward has gained a deserved reputation as one of the most consistently exciting and convincing interpreters of virtuosic avant-garde piano music. Taylor, together with Coltrane and Coleman, is one of the originators of so-called "free jazz" - an all-embracing genre which encompasses almost any kind of music-making as long as it is largely improvised.

I caught the Woodward-Taylor recital Birmingham on Tuesday night, before it proceeded to the East coast, and thence to Scot-

land - which happened also to be the night chosen for a BBC recording, to be broadcast on Radio 3 later this year. Although the theoretical working of the two musics could hardly be as different as the two men, Woodward has gained a surprising affinity of gesture towards Xenakis's fiery, virtuosic *Mists* (was there ever a more misleading title?), which Woodward played in his first half, and Taylor, shot with a few earlier reminiscences of Xenakis's characteristic and explosive keyboard manner, combining the fury of *Hermes* and the untamed wildness of *Eurydice* in a study in energy at white heat. Hit by the

bright white light of a southern Mediterranean sun, Taylor's improvisation emerged at white heat also - but it was the heat of city life, a big, brilliant entanglement of patterns, a complex, full of neon lights, towering shadows, the glow of automobiles.

It was long, and I loved every minute of it. I was surprised (although perhaps not so far from the truth) to discover just how precise and carefully worked were the details of Taylor's harmonic scheme - in spite of a propensity for black chords, and breathtakingly fast blocked cluster effects, he seemed to be using a 7-note motto theme (both harmonic and melodic) almost in the manner of a leitmotif, fragmenting, his pair of

tiny encores was pure magic - the last presumably pure original invention, but a distillation nonetheless in 30 seconds of every song Cole Porter ever wrote.

Woodward also gave us two short pieces by Takemitsu - *For Away* and *Piano Distance*. *For Away* is essentially delicate, nostalgic indulgences, fanned by an insistent, original fragrance of *Skyrhythm*, but shaped with such intensity, and with such conviction, that for once they seemed a great deal taller, more substantial, than the music suggests. Woodward worked marvels too on Morton Feldman's *Piano* - although not even his faultless touch and timing here could persuade us that truly inspired musical intention was unmistakably at work.

## London Sinfonietta

Andrew Clements

In comparison with the triple-layered evenings on either side, the central concert of the London Sinfonietta's Rattle series on Tuesday at the Elizabeth Hall was a modestly proportioned affair, with but one interval and three works. Two were substantial - Berg's Chamber Concerto and Bartok's Music for strings, percussion and celesta - and the third was a rarely performed work, Gyorgy Pauk and Paul Crossley, and their relaxed handling of the complexities was certainly a major factor in the confident presentation. But the Sinfonietta's wind players, marvellously expressive in instrumentation, and their relaxed handling of the complexities was certainly a major factor in the confident presentation. But the Sinfonietta's wind players, marvellously expressive in instrumentation, and their relaxed handling of the complexities was certainly a major factor in the confident presentation.

Lucid exposition proved to be the guiding light of the remainder of the evening also. In the Berg Concerto it verged on revelation, for it is hard to recall an account so unflinchingly comprehensive nor one which made the finale so palpably the *jeu d'esprit* that Berg intended it to be, an element which so rarely survives in performance. The soloists were the Sinfonietta's regulars in this work, Gyorgy Pauk and Paul Crossley, and their relaxed handling of the complexities was certainly a major factor in the confident presentation. But the Sinfonietta's wind players, marvellously expressive in instrumentation, and their relaxed handling of the complexities was certainly a major factor in the confident presentation.

## Celibidache/Geneva

Andrew Clark

It is no coincidence that the closer Sergio Celibidache has become to the Munich Philharmonic Orchestra, the less interest he has shown in conducting other orchestras. In Munich he has been allowed more control over his musicians' lives and their collective artistic personality than anywhere else in the world. His Swiss tour with the MPO confirmed the wide appeal of Celibidache's concerts and the enduring idiosyncrasies of his musical personality. What other conductor could get away with such a crooked, a monumental, almost Tautouian rush of sound that showed off the orchestra's collective strength. The third movement march, based on a dead consistency of tempo, punctuated section, a monumental, almost Tautouian rush of sound that showed off the orchestra's collective strength.

The programme, which I heard in Geneva's Victoria Hall, was completed by a heavy handed account of *The Sorcerer's Apprentice*, and a quirky, unpredictable performance of the *Faust* overture. The orchestra itself was a musical tour de force that shunned the conventional show of brilliance, just as the finale shunned all trappings of virtuosity and sentiment. A highly individual reading, then, which on its own terms carried the day.

## Domestic Bliss/Hackney Empire

Martin Hoyle

Neither the occasional tentativeness nor the handful of spectators at the preview I attended was worthy of *Re-Ra-Zoo*. The likeable clown/comic/acrobatic troupe is as engaging as ever in its gentle way, and its international reputation should ensure the substantial audiences needed by the spacious splendour of the Hackney Empire.

The surprising number of dropped Indian clubs, the hat that failed to make its scheduled landing on the relevant head, all bespeak the final run-through. At least there was no blood, unlike the performance I saw a couple of years ago when Sue Broadway's then blonde pate grew crimson from a wound incurred from a flying juggling prop.

The hard core of Broadway and Dave Spatthy have been joined by other players for a new show that hints at projected linear narrative soon jettisoned in favour of circus turns and moments of surreal humour. Mr Spatthy's well-intentioned wondrousness, however, is acquiring a faint dash of Jacques Tati's *Huilot*, obsessively if absent-mindedly applying his tape measure to everything from the least crack in the pavement onwards.

Joe Page, director, is abetted if not by *Errol*, but by the *People Show*, as "artistic advisor." The musical side is particularly strong. The cast turns its collective hand to manning the raised-band platform, and the score - by two of the company, David Coulter and Nick Catermole, and the MD Stephanie Nunn - effectively combines minimalist *ostinatos* with bitter-sweet waltzes with a Gallic tang. Cabaret circus is more familiar on the continent than in Britain; this should not deter a new public from making its acquaintance with the Hackney push in Mare street, E8.

## John Somebody/Sadler's Wells

Clement Crisp

It was London Contemporary Dance Theatre's artists who came to the rescue of a singularly vexatious new programme at Sadler's Wells on Tuesday. From curtain-rise on Robert North's *Fabrications* to curtain-fall on Rosalind Newman's *John Somebody*, the dancers expended marvellous efforts in the service of trumpery or sterile choreography.

North's piece was shown earlier this year during LCDT's brief season at the Queen Elizabeth Hall. It has to do with costume designs by David and Elizabeth Emanuel, frivolous outfits inspiring frivolous movement, and it does not bear seeing twice.

Rosalind Newman's creation for the company was receiving its first performance, and it would be good to report that it is a useful acquisition to the repertory. It amounts, however, to no more than a series of frantic and wholly inexplicable encounters between jittery groups of urban boys and girls, modishly outfitted, and racing about the stage to a combination of distorted speech and hectic jazz.

It is well lit by Peter Mumford to extract maximum atmosphere from both dark and grey costumes against black curtains, and given a crackling interpretation by its

cast to suggest maximum emotional variety in the young people's neurotic activities. But it is no more than a feeble exercise in throwing dance about the stage, and its frenzied stop and go. Speech also featured in the other novelty to London, Jonathan Lunn's *Hang Up*. Mr Lunn is still young as a choreographer, and his decision to set his dance to telephone conversation, written by Anthony Minghella, ignores the fact that our attention are more easily held by the explicit nature of speech than by the more ambiguous movements of two lovers riven by infidelity. Mr Lunn avoids offering dance parallels to the lovers' words, but cannot as yet provide inventions to explore the emotional nuance of the situation. The duet is, however, well performed by Lauren Potter and the choreographer.

To complete this difficult evening, we had Sibban Davies' *Red Steps*, which was first seen earlier this year. There is a vivid back-drop by Hugh O'Donnell against which the dancers look blanch and drily cerebral. The cast labour tremendously, but to no avail. They are locked in dance as hermetic and minimalist as the score, *Shaker Loops* by John Adams.

## Arts Guide

## Exhibitions

## LONDON

Tate Gallery. Turner in the new Clive Gallery. The Turner Bequest, which amounts to nearly 100 oil paintings, finished and unfinished, and a further 10,000 or so watercolours and drawings, has been a source of controversy and dissent ever since it came into the nation's hands more than 130 years ago. Turner always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more contentious age, and the tasteful oatmeal walls Stirling has decreed for the principal galleries is a far cry from the rich cream he is known to have preferred. The vulgar need of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

## PARIS

Petit Palais. Ave Winston Churchill. Musée d'Art Moderne de la Ville de Paris. Ave President Wilson. Five Centuries of Spanish Art. An ambitious ensemble of four exhibitions retraces the history of Spanish art from the Golden Age to the 20th century. The two most important exhibitions are El Greco To Picasso at the Petit Palais and Picasso's era in the Musée d'Art Moderne. The Petit Palais is El Greco with a vast visionary Baptism of Christ, Velazquez with a portrait of Philippe IV in his hunting clothes, and Goya with a portrait of Marie-

Louise in a black-lace mantilla. Picasso's Century is dominated by the master, from the period of analytic cubism to 20 preparatory sketches for Guernica and to his last works. But there is also Juan Gris, André Derain, and others. Both exhibitions are closed on Mondays and both end on Jan 3.

Grand Palais. The Grand Palais is staging the first retrospective of Fragonard in colour in December. Fragonard, a French Rococo painter, is shown in 100 paintings and 100 drawings. The depth of observation in his Roman landscapes, mythological scenes and portraits counterbalances the decorative facility of the Rococo. Ends Jan 4.

Galerie d'Art Saint-Honore. Landscape in the Flemish and Dutch Schools. Light and colour change but the painter's pleasure in recording the scene never varies. The Bruegel Dynasty, the Breckel Brothers and Charles Beesley are represented in paintings on copper plates or wooden panels of unusual proportions but in all the perfection of their art. 267 Rue Saint-Honore (4801000). Ends Dec 4.

Paris and at the approach of the Revolution. 107 Rue de Rivoli (4801000). Closed Mon and Tue. Ends Jan 4.

## WEST GERMANY

Munich. Staatsgalerie Moderner Kunst. A result of the cultural agreement of May 1986 between East and West Germany, this exhibition covers four decades in 130 sculptures, some larger than life, and about 60 paintings of sculpture by 51 artists. It offers a view of graphic works that have not even been seen in East Germany before. Among the artists are Gustav Seitz, Fritz Cremer, Werner Schuster, Hermann Giesecke, Waldemar and Sabine Grunke, Ingeborg Hunzinger and Franziska Liebeck. Ends Jan 3. Mannheim Staatliche Kunsthalle from Jan 23 to Feb 21.

Hildesheim. Roemer- und Pflanz-Museum. An Steine 1870-1960. Egypt's rise to World Power more than 3000 years ago. The first presentation of the most important 180 years 1870-1960 BC of the New Empire in Egypt. The bust of Pharaoh Thutmose III, discovered in 1907 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of ancient Thebes. From the court of Sennefer, the tools, cosmetics and jewellery illustrate the everyday life of Egyptian citizens. Ends Nov 23.

Baden-Baden Kunsthalle. Lichtentaler Altes St. Carlo Carrà: the first German retrospective of the Italian artist who was one of the initiators of Futurism. His artistic life underwent a radical change when he met de Chirico. Ends Dec 6.

## ITALY

Roma. Calcografia Nazionale (Via della Stamperia 6). Towards Utopia. A virtual collection of photographs of Hungary in the years between the wars. Four women who learnt their techniques in Paris, at the Bauhaus at Dessau, and in Berlin give an evocative and moving account of the lives of Hungarian peasants and urban poverty, as well as a cheerful group of actresses, middle-class families, and several of the composer Bela Bartok. Ends Nov 20.

Roma. Chiesa del Complesso Monumentale di S. Michele. Figurative art in Hungary between 1970 and 1980. Paintings, drawings and sculpture in this fine riverside complex. There is no unifying current but a series of fiercely individual works, often with echoes of foreign influences - Degas, Renoir and Cezanne. Ends Nov 20.

## NETHERLANDS

Breda. Prins Hendrik Maritime Museum. Art as camouflage, or camouflage as art? The startling applied work of marine camouflage developed in the First World War by Norman Wilkinson to deceive the enemy as to a ship's real position and course. Ends Dec 6.

Amsterdam. Rijksmuseum Prinzenhof. As a pendant to the survey of landscape painting in the main galleries, the printroom is showing a fine selection of 100 17th century drawings drawn to the theme of Land and Water. Ends Jan 3.

## AMSTERDAM

Amsterdam. Rijksmuseum. A sweeping view of 17th-century Dutch landscape painting with more than 100 works by over 50 artists tracing the development of the genre and its offshoots from the dense creations of Vinsboons and Savery via the chilly winters of Aelcuut to the tranquility of Brouhael, the golden light of Cuyp, the towering cloudscapes of Ruysdael, to the wooded scenes of Holbein. Ends Jan 3.

Amsterdam. Boymans-van Beuningen Museum. From Rembrandt to Cezanne presents a rich choice from the museum's large collection of 19th century French drawings. Ends Nov 20.

## LONDON

London. Fundacion Juan March. Castello 77. Ends Jan 3.

## NEW YORK

Metropolitan Museum. 200 objects from the collection of Sultan Selim II. The magnificent demonstrate the wealth and skills at the high point

of the Ottoman empire in the sixteenth century through the large collection of illuminated manuscripts, the imperial wardrobe, ceramics and jewel-encrusted weapons. Ends Jan 17.

## COASTER FOR AFRICAN ART

Coaster for African Art. Angles on African Art features ten co-curators, ranging from an African tribesman to collector David Rockefeller, each of whom chose ten of their favourite pieces, making a well-rounded and diverse show. Other curators are writer James Baldwin, artist Nancy Graves and Roman de la Haza and curator William Rubin. Ends Jan 2.

## JAN KRAEMER GALLERY

Jan Kraemer Gallery. This new gallery is inaugurated with 60 Cubist works by Picasso from the Marina Picasso Collection with two decades of paintings, drawings, sketches, books, collages and prints from 1907 to 1928. Ends Dec 10. 41 E 57th, 6th floor.

## WASHINGTON

National Gallery. A Century of Modern Sculpture. The Frey and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 2.

## TOKYO

Asahi Museum. Edo Pastimes: this exhibition of screens, scrolls and paintings with works by courtiers in the old Yoshiwara Pleasure Quarters evokes the colourful leisure pursuits of pre-warisholism Japan. Ends Dec 26. Closed Mondays.

Fuji TV Gallery. Contemporary Art: works by Tadanori Yokoo, Shigeo Fukuda, Naoto Fukuoka and graphic artist Super-elastic with references to Buddhist art, Washo, Bosch, Munch, in typical Japanese indifference to contemporary art. Fuji TV complex, Aobonohashi. Ends Nov 28. Closed Sundays.



## FINANCIAL TIMES

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Thursday November 26 1987

# Arms control after INF

THE long-awaited agreement on the abolition of intermediate-range nuclear forces (INF) concluded by the US and Soviet Union in Geneva on Tuesday has not, unusually, provoked feelings of relief, even elation, in the two capitals concerned. The deal does, after all, provide for the first ever reduction of nuclear weapons and that is something to be welcomed in this grossly over-armed world. It has, too, paved the way to a summit between President Ronald Reagan and Mr Mikhail Gorbachev which would probably not have taken place without the sweeter of an INF signature ceremony.

Yet any temptation to cheer too loudly will surely be tempered by a closer examination of the political and strategic implications of an agreement which, in any case, involves no more than 3 to 4 per cent of the world's nuclear arsenals. Certainly, its benefits appear much greater to the super-powers than to the European members of Nato, whose latent fears of being deprived of the American nuclear umbrella have surfaced once again as the result of the INF pact.

The US Administration insists that its commitment to the security of Western Europe is embodied in the 300,000 or so troops permanently stationed on European soil and the strategic nuclear forces which are ultimately to be used in the defence of the Nato allies. However, it is difficult to argue that the abolition of a whole category of nuclear weapons, even if not, some extent, affect Nato's strategy of flexible response. This is based on a graduated riposte to any Warsaw Pact attack, designed to delay as long as possible the use of strategic nuclear weapons.

## Real problem

The credibility of the US commitment is clearly much less if a jump has to be made from conventional defence and battlefield nuclear weapons to the ultimate strategic deterrent. Many experts believe that, if push comes to shove, the US would be prepared to use strategic missiles only when its own territory is directly threatened.

For the European members of Nato, therefore, the INF agreement represents a real problem.

# Common sense and accountants

MANY USERS of corporate financial statements, whether shareholders, employees or members of the general public, too often make a big mistake. They assume that profit figures and balance sheet valuations are a reliable guide to the real economic performance of the companies concerned: company law, the professionalism of auditors and a plethora of non-statutory accounting standards, they may argue, are surely a guarantee of the high quality of company reports.

Regrettably, this is far from the case. There are two sets of problems. The first is that much information relevant to the financial health of companies never gets into annual reports. This is a serious shortcoming regulators ought to take a much tougher line on. The second, and more fundamental, is that the basic principles underlying the measurement of profit lack a convincing theoretical rationale.

## Economic performance

In other words, even if a company meets all statutory and non-statutory accounting requirements and is open about all its financial transactions, its reported profits may be only a poor guide to its economic performance. To take one example: the performance of all companies at all times is affected by changing prices - both changes in the value of money and in the relative prices of goods and services. Yet under the historical cost convention, companies are under no obligation to pay attention to price changes, however significant.

The shortcomings of the present approach were highlighted in a public lecture this week by Professor Colin Mayer of the City University Business School. Mayer, like many academics before him, poured scorn on the still dominant historical cost convention, claiming that there is "no set of questions" to which it provides the right answer. The fundamental flaw in conventional accounting lies in its approach to asset valuation. In ruling, in effect, that the value of an asset is determined by what you paid for it, accountants are ignoring basic economic principles; they are choosing to be precisely wrong rather than approximately right.

Critics of conventional accounting are not pretending that asset valuation is easy.

even though they endorsed the original Nato "two-track" decision, under which the deployment of cruise and Pershing 2 missiles in Western Europe was seen as a means to persuade Moscow to bargain away its own medium-range SS-20s. While lip-service is paid to the priority this has now been given by Washington and Moscow to the rapid negotiation of a strategic weapons agreement (START), the overriding West European worry is that such a deal would merely underline the superiority of the Eastern bloc in conventional forces.

## Real risk

The problem is compounded by the disagreement which has arisen within Western Europe between West Germany, on the one hand, and Britain and France, on the other, over the desirability of an accord on the abolition of short-range tactical nuclear weapons. Bonn strongly favours such an agreement, because a conflict involving the use of battlefield nuclear arms would take place principally on West German territory. London and Paris, on the other hand, are opposed because it would represent yet another step towards the denuclearisation of Europe.

Though the US has gone out of its way to consult its Nato allies in the arms control negotiations with the Soviet Union, there is a real risk that super-power summitry will fail to take West European interests fully into account, as it has done before. President Reagan should realise before his Washington meeting with Mr Gorbachev that his European allies consider that conventional forces and chemical arms agreements should be given the same priority as START.

The problem was put succinctly in the final communiqué of the Nato Foreign Ministers' meeting in Iceland last summer: "the arms control problems faced by the Alliance raise complex and inter-related issues which must be evaluated together. If that precept is kept in mind by President Reagan, he will avoid the disarray within the western alliance which followed his summit with Mr Gorbachev in Reykjavik in October 1986 and still some of the fears raised by the INF agreement."

What they are saying is that most of the answers provided by companies in financial statements are wrong. The fact that the historical purchase price of an asset can be known with certainty is no consolation, since objectivity without relevance is meaningless. Companies can and should be persuaded to publish realistic estimates of the current value of assets employed. In other words, they should either make public the kind of information they rely on for internal decision making, or cease to pretend that their reported figures are of real economic interest.

## Asset valuation rules

Prof Mayer makes a strong plea for the adoption of value-to-cost asset valuation rules. Under this approach, assets are valued in one of three ways: replacement cost; the present value of the future earnings which they stand to generate; and net realisable value on disposal. Which valuation technique is appropriate depends on circumstances; the important point is that the historical purchase price can never be assumed to be relevant.

Once assets are properly valued, it is fairly easy to arrive at a sensible measure of profitability. In the Mayer scheme, nominal profits are simply the change in the value of assets (net of liabilities). Real profits are then nominal profits minus an inflationary component, consisting of net worth multiplied by the rate of increase in prices. Such a "real" measure of profits thus includes adjustments for the effects of changing relative prices (through the valuation of assets), and for changes in the purchasing power of money. It therefore offers a serious assessment of economic performance.

An early outbreak of common sense in corporate reporting looks improbable. The Government has given would-be reformers no help at all, even though a Treasury working party on accounting methods headed by Ian Ryle, the deputy chief economic adviser, recently reached much the same conclusions as Prof Mayer and other academic critics. The City, the financial press, institutional investors and senior managers have all opposed change in the principles; they are choosing to be precisely wrong rather than approximately right.

Critics of conventional accounting are not pretending that asset valuation is easy.

# James Buxton examines the prospects for Scottish devolution

"MRS THATCHER made a big mistake after the general election," a somewhat unorthodox Scottish Conservative said over lunch the other day. "Within two weeks of the election she should have said to the Scots: 'We will give you the Scottish assembly most of you have voted for. But we will also reduce the number of MPs you send to Westminster.'"

"It would have been a brilliant move. Labour wouldn't have had an answer to it. As two thirds of Scottish MPs are Labour, its chances of winning the next election would have been slashed."

Instead, soon after the election, the Prime Minister categorically rejected devolution and declared that the creation of a Scottish assembly would lead to the break-up of the United Kingdom.

But now the Labour front bench has presented a parliamentary bill which would create a Scottish assembly with considerable powers. On Monday, the Liberals staged a noisy parliamentary debate on their own version of an assembly. The devolution issue did not, after all, go away for a generation in 1979 when the Labour Government's plan for an assembly failed to win enough support in a referendum in Scotland.

It has come back because of the extraordinary political situation north of the border. At the general election the Conservatives lost 11 of the 21 Scottish parliamentary seats they held. Labour won 50 out of a total of 72 seats. The Conservatives rule Scotland with only 10 MPs, from which they have to provide the Scottish Secretary and three Scottish Office ministers, as well as members of parliamentary committees.

The Tories were already in a minority in Scotland before the election. But as Mr Bill Miller, of the politics department at Glasgow University, says: "The anomaly is now quantitatively as well as qualitatively greater. That has put devolution back on the map."

Labour had already adopted devolution as official policy before the general election, partly at the urging of the Scottish trade unions and partly out of frustration at its powerlessness to prevent Thatcherite policies being imposed on Scotland. That frustration is now all the more acute as the party's 50 Labour MPs at Westminster.

There is virtually no chance of Labour's bill ever obtaining a second reading, thanks to Conservative opposition. But the bill is not completely pointless. It gives Labour MPs a rallying point over Scotland; it will help Labour to remind the Scots that if they had an assembly, they would presumably be spared unpopular Conservative policies; and it lays down a marker for the future. If Labour ever comes back to power, it will be clear that it would swiftly grant Scotland an assembly.

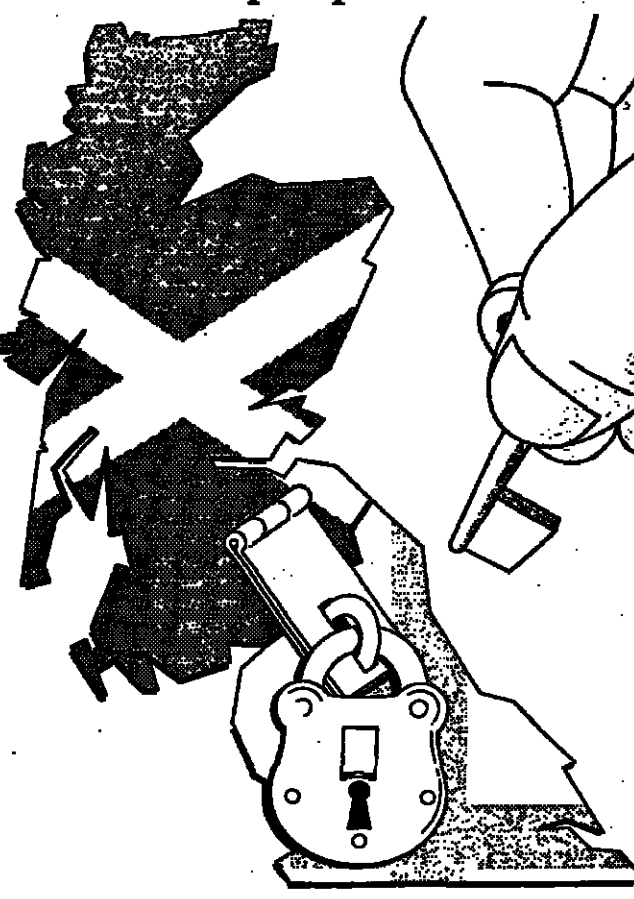
But do the Scots actually want an assembly? Both Labour and the Alliance presented Scottish assemblies at the general election, but it was never a major issue. An opinion poll taken at the time showed that no less than 70 per cent of those asked favoured some form of home rule for Scotland, but only four per cent rated it the most important issue.

After the election, Mr Donald Dewar, the shadow Scottish Secretary, admitted that Labour would have to campaign to make devolution a popular issue. But a Labour devolution rally in Glasgow in September was a modest affair.

Now, however, a debate on the question of an assembly is getting under way again and the Conservative Party is involved in it. The cause is backed by the leading newspapers, the Glasgow Herald and the Scotsman, by most trade unionists and by many intellectuals, who see it as a step to reviving Scotland's fortunes. It is opposed by most businessmen and by the bulk of the Tory Party. It is not a subject one hears much about from ordinary people.

Most devolutionists are impressed by Labour's bill, which would put virtually all Scotland's internal affairs - such as health, local government and education, now handled by the Scottish Office - under an elected assembly. It would have the power to vary the level of income tax in Scotland, or, if it wished, spend more on public services than Westminster does. This feature, together with the absence of a veto by Westminster, the devolutionists' legislation, were absent from Labour's 1978 Act.

But, as Monday's debate in the House of Commons showed, the devolutionists are divided over the way in which the assembly would be elected. Labour wants the first past the post system,



# If at first you don't succeed

which has enabled it to have nearly 70 per cent of the Scottish parliamentary seats with only 42 per cent of the vote, the bulk of it in Strathclyde region centred on Glasgow. The Liberals insist that the assembly must be elected by proportional representation, to give other Scottish regions a better say and dilute Labour's dominance. Labour, however, propose that each constituency would elect two representatives, which would somewhat weaken its hegemony.

In Monday's debate Mr Malcolm Rifkind, the Scottish Secretary, concentrated his fire on the constitutional anomalies that he says devolution would cause. Perhaps not surprisingly for a party which draws nearly a quarter of its MPs from Scotland, Labour is not proposing to reduce the number of Scottish MPs at Westminster following the passage of an assembly bill - they would be needed, Mr Dewar says, to vote on such matters as foreign policy and defence.

But under Labour's plan, Scottish MPs would be able to vote in force on domestic English matters, while English MPs would be unable to do the same for Scotland.

MacGregor helps his friends

Sir Ian MacGregor is to take on a new chairmanship at the tender age of 73. The former chairman of British Steel and the National Coal Board (now British Coal) has agreed to join North Sea Assets, an Edinburgh-based investment company specialising in oil and gas.

Struggling with the problems of its British Underwater Engineering subsidiary, NSA wanted a chairman with industrial experience and Scottish connections. Overlooking candidates two-thirds the age and with, perhaps, more recent experience as a Scotman, its eye settled on MacGregor, a US citizen for many years.

"Clearly this is not a 30-year appointment," said Ivory & Sime, the Edinburgh investment group which manages NSA. "He's doing this to help his friends, as well as his own." MacGregor's connection with Ivory & Sime goes back several decades, although he was obliged - because of age - to retire two months ago as a director of its Atlantic Assets Trust.

His remuneration package has not yet been fixed, although there is no question of Lazard Freres, the US investment bank of which MacGregor is a partner, being paid a controversial "transfer fee" as it was during his state industry tenure.

Although Lazard directors must pass on to the bank any money earned as an outside executive director, this does not apply to non-executive positions like MacGregor's at NSA.

Previous backers of MacGregor for a board position - the industrial gas users who unsuccessfully promoted him for election as a British Gas director - also had reason to celebrate yesterday. The Office of Fair Trading referred their complaints about gas prices to the Monopolies Commission.

Lawson's laurels

"Having spent so much of my time 'selling off the family silver', it is rather fun to get a bit of it back," said Nigel Lawson yesterday, grasping the silver trophy (whisky cup) awarded to the Parliamentary Award of the Year.

The award, sponsored by The Spectator, is given to a politician who has done well in the House of Commons, went to the Chancellor of the Exchequer, for what the judges agreed had been a triumph.

Charles Moore said of his predecessor as editor of The Spectator: "His parliamentary success has been worked for. His ministerial appearances in the early 1980s were little short of disasters."

But faced with the stock market crash and the problem of the BP flotation, Lawson had displayed a mastery of the Commons which had left his own benches ecstatic and his opponents speechless.

Lawson accepted the award at a Savoy lunch with cautious modesty - "I thought at first it was a desperate Budget representation" - noting that his Labour opponent, John Smith, had won it last year, and that previous recipients had been John Biffen, who had since lost a Cabinet seat, and David Owen, who had lost a party.

Political line

The extra-parliamentary diet of most politicians extends to such pursuits as kissing babies, opening garden fetes, and appearing on chat shows. Today, Lord Whitelaw, Britain's Deputy Prime Minister, who just missed out of The Spectator's awards yesterday, adds a new one to the list: naming old steam locomotives.

Fifty years ago to the day, his grandfather and namesake, William Whitelaw, then chairman of the London and North Eastern Railway, went to London's Marylebone Station to name a new, sleekly-streamlined "A4" class locomotive after its illustrious engineer-designer, Sir Nigel Gresley. A sister engine, Mallard, still holds the world steam speed record of 126mph. Another, now scrapped, was called "William Whitelaw".

Whitelaw reckons his daily travels helped spread his fame as a young MP in the 1960s, and he still keeps its nameplates on his wall at home.

This evening he will retrace his grandfather's footsteps to Marylebone to officiate at a re-run of the 1937 naming of "Sir Nigel", now owned by a voluntary society and used to pull BR's regular Sunday "Shakespeare Express" excursion trains to Stratford-upon-Avon and back.

Though no steam enthusiast, Whitelaw says he "much prefers train travel to aeroplanes". His connections with "Sir Nigel" are more than just hereditary. Before being brought south for the Stratford run in 1986, the engine spent many years playing the spectacular Settle & Carlisle line which runs through the sprawling Penrith constituency that was his parliamentary seat until his embolism four years ago.

Because of BR's cost-cutting, the route is now threatened with closure. "It's a marvellous line and I would love to see it kept open," says Whitelaw. But his position as Deputy Prime Minister's right hand has kept him from joining the anti-closure campaign.

Equal to the job

Interviewed for this mainly column, and officially decided yesterday by the Home Office as the new chairman of the Equal Opportunities Commission, Kenneth Foster could have been forgiven for indulging in a little female pique.

After all, don't women have madders; and don't a growing number of organisations talk of chairpersons or simply plain chairs?

And yet Foster was unruffled. "I know a debate about words can be lively, but getting involved in the semantics of language is not a priority," she said.

The comment was perhaps typical of a person who is expected to bring a breath of no-nonsense and professional air to government quango that during its 12 years of life appears to have lost some of its initial edge.

The main trouble with the EOC, say its critics, is that it has simply become too ladylike. Its previous chairmen were female peers. The EOC has earned a reputation as an organisation full of good intentions but not always taken seriously.

Foster indicated yesterday that - semantics apart - she would not eschew controversy. "We have legislation which promotes equal opportunities. I intend to use it to the full, with all my authority," she commented.

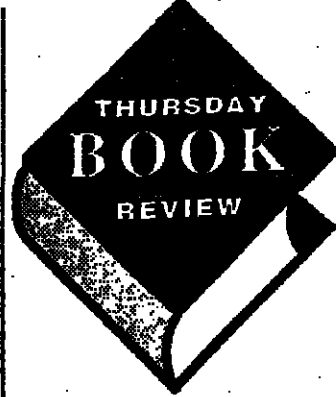
Nor will she shy away from challenging legislation she is less happy about, such as the government's Local Government Bill which aims to curb the practice of contract commissioning.

Foster has clearly come a long way from her first job as a secretary for Vogue magazine.

Rocked

After the recent stock market crashes, a sign in Winchester's share shop quotes from Emerson: "We learn geology the morning after the earthquake."

Observer



## Perestroika:

### New Thinking

### for our Country

### and the World

By Mikhail Gorbachev

Collins £12.95

MIKHAIL GORBACHEV'S book is the product of a remarkable change in both the style and substance of Soviet politics over the past two-and-a-half years. It is a book which has followed the arguments conducted in Soviet journals in the 1970s and 1980s (often highly esoteric in the early years) and is now open in more recent years) will see how time and again Gorbachev has come to adopt the stringent critiques of the condition of the Soviet economy and society offered by the more radical participants in those debates. They will also see how he picked up and developed some of the fresh thinking on foreign policy which was already being undertaken by a minority of intellectuals within the Soviet establishment.

Gorbachev possesses, in ample measure, intelligence, courage and political acumen. But perhaps his most important single attribute - an unusual one, to say the least, in a General Secretary of the Soviet Communist Party - is a relatively open mind. He has listened to a wider range of critical opinion within Soviet society than could ever gain the ear of Brezhnev and he has changed what may be called the balance of influence among policy advisers both within the central party apparatus and the research institutes in favour of those of more enlightened views.

Thus, while this book bears Gorbachev's personal stamp and is a world away from Brezhnev's entirely ghosted and complacent "memoirs", it gains authority from the fact that he has been a good listener as well as a good talker. Only a few readers of *Perestroika* will be familiar with the Soviet debates which lie behind the judgments Gorbachev has reached. But the fact that he has been paying heed to that minority of social scientists who, with limited success, even in Brezhnev's time to push wider the frontiers of permissible criticism and reform, is by one among several reasons why it should be accepted that Gorbachev is in earnest and that the views he presents are the genuine product of a "process" of rethinking and re-evaluation which is still going on and is, in fact, the subject of political struggle.

That is far from saying, of course, that all of Gorbachev's positions can be accepted. Thus, for example, though he refreshingly criticises previous Soviet leaders and ideologues, he has not seen himself as the "sole guardians of truth", especially vis-à-vis other Communist countries, he greatly underestimates the contribution to the making

of the Cold War of the manner in which the East European states became Communist in the first place. Nor can one take entirely at face value Gorbachev's assertion that "today members of the Politburo and the Central Committee are unanimous as they have never been before". It is not only foreign observers of the Soviet scene but also Soviet citizens themselves who read carefully the speeches of various Politburo members and detect that while all of them are for *perestroika*, they mean different things by that term.

Gorbachev himself says elsewhere in his book that there have been differences of opinion within the leadership on how to overcome stagnation and that "a conflict of opinions generates thought" but he stresses unanimity on the indispensability of *perestroika*. Probably there is general agreement that any attempt to "undo" through Brezhnev-style would not be enough to check the secular decline in the rate of Soviet economic growth or to close the growing technological gap between the USSR and the most successful capitalist countries. But on *perestroika* in the broad sense - with its dimensions of *glasnost* and political reform - it is apparent (and, indeed, natural) that different views exist at all levels of the Soviet Communist Party, though it is clear that there is more support for genuinely radical reform within the apparatus of the Central Committee (largely as a result of the personal charisma of Gorbachev) than at lower levels of the hierarchy.

While it is certainly possible to disagree with particular points in this book, the dominant impression is one of respect for Gorbachev's ability to go as far and as fast in a reformist direction in so short a time. To a considerable extent Gorbachev's numerous, generally interesting speeches will have prepared at least some readers for what is to be found in the book. But by drawing together in an interconnected way some of the major elements in the "new thinking" which he has already espoused, and at times going beyond what he has said hitherto, Gorbachev has produced a book which is going to attract.

It is noteworthy that the book has been published simultaneously in both English and Russian. It is perhaps especially bold in an East European context. For leaders, such as those in Czechoslovakia who owe their present positions, first, to the intervention of the Soviet Union in their internal affairs, and second, to their "unofficial" support of that same ruling group, it must be chastening to read a prior to *perestroika*, Soviet society was becoming "increasingly unmanageable", that the leadership only thought they were "in the saddle" and that "a certain kind of 'status quo' which still has a disturbing effect" in Soviet society.

Gorbachev's book must be seen as an authoritative indication of the new, at least highest-political-level in the Soviet Union and which is greatly superior to the "old thinking" on both domestic and foreign policy. It is still likely, though by no means a foregone conclusion - Gorbachev can win his domestic political battles, *perestroika* may yet become the name not only of a new book but of a new era in Russian history.

Archie Brown

The author is a Fellow of St Antony's College, Oxford.

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## ECONOMIC VIEWPOINT

## The mythology of the balance of payments

By Samuel Brittan

UK balance of payments					Billion
Visible	Invisible	Official current balance	Balance of payments	Balance of trade	
1979	-3.5	+2.8	-0.7	+0.6	-0.1
1980	+1.4	+1.5	+2.9	-0.2	+2.7
1981	+3.4	+2.9	+6.3	-0.1	+6.2
1982	+2.3	+1.7	+4.0	-1.8	+2.2
1983	-0.8	+4.2	+3.4	+1.4	+4.8
1984	-4.4	+5.9	+1.5	+5.4	+6.9
1985	-2.2	+5.1	+2.9	+4.5	+7.4
1986	-8.5	+7.5	-1.0	+11.7	+10.7
1987	-4.5	+4.0	-0.5	-4.1	-4.4

\* Not fully seasonally adjusted

\*\* Official current balance plus balance of trade equals balance of payments

MY TOPIG is the vastly exaggerated significance attached to the so-called balance of payments. This usually means the balance of payments on current account. Making it our main guide to policy really is an example of the tail wagging the dog.

There is, of course, some fire behind the smoke of balance of payments alarmism. But my contention is that the current balance of payments is or still more the visible trade balance alone is often such a distorted indicator that it leads to bad policies which impoverish us all.

The latest trade figures suggest a UK current payments deficit of \$1.3bn per annum if one goes by the first ten months of the year, and \$2.6bn if one goes by the most recent three months.

This does not mean that the British Government had to spend anything like such sums from the reserves to keep the economy afloat. On the contrary, the official reserves have nearly doubled in the first ten months of 1987, rising by \$19.5bn to reach a total of \$41.4bn. At the same time there has been a slight reduction in net public sector foreign currency debt.

Nevertheless even this total does not really give a good idea of whether the nation is living on its seed corn or prudently adding to its internal and external stocks of assets. For instance, the most recent rise in the reserves reflects "confidence" inflows on capital account, which can be ephemeral, and the Government's reasonable desire to prevent sterling from rising to uncompetitive and unsustainable levels against the D-Mark.

The first table in this article provides a clue. The extreme right-hand column shows the net available each year for British corporations and individuals to invest overseas (in contrast to the official convention, I have shown the accumulation of external assets as a plus, not a minus.)

The sum consists not only of the current surplus, which were very high during the oil-rich years - but also of the "balancing item". This has been positive and averaged about \$6bn in recent years. It does, however, fluctuate a great deal over short periods.

The fact that it has been negative in the first half of 1987 may explain why the Chancellor does not go to town on it. But the record for over a decade suggests that the latest figures are an aberration and that the balancing item will be substantially positive in the years to come.

Official statisticians believe that unrecorded receipts are made up of a mixture of capital inflows and current invisible earnings. My own view that current earnings are a large component is derived from the notorious "black hole" in the world economy illustrated in the second table.

The black hole arises from the fact that, instead of adding up to zero, the sum total of current surpluses and deficits of different countries varies between minus \$50bn and minus \$100bn per annum, thus imparting a restrictive bias to trade policies when we can least afford it.

This being the case, it is reasonable to suppose that a country like Britain which admits to large and usually positive unrecorded inflows has a much better current account balance than the current figures suggest.

If the balancing item returns to its former trend and is allocated to the current account, as I think it should be, then nearly all the current deficit, averaging about \$50bn, is absorbed by the balancing item. For instance, by the 1988 to 1992 estimates, and with the need for the once-for-all 10 per cent devaluation in 1988 which the Institute believes necessary to restore balance.

But I have conceded too much. For it is only important to decide whether a particular receipt is a capital inflow or current invisible earnings. If there is some reason why the current balance of payments has to be zero or positive.

There is in fact no more reason why a country should have an overall current surplus or deficit than there should be an exact balance or surplus in its trade with a particular part of the world, or in a particular industry.

If a country has a surplus of savings relative to domestic investment opportunities, it is sensible - and in the interests of the world - that it should run a current surplus and invest the proceeds overseas. If it has many profitable investment opportunities, but a low savings ratio, it is just as reasonable that it should borrow from overseas and run a current deficit. The alarming aspect of Mrs Thatcher's recent utterances is not her well-known opinions on EMU and exchange rates, but her view that an entrenched Japanese trade surplus is anti-social and will hit other countries when the US deficit declines.

One despair of Prime Ministers getting these matters right when a leading economist, such as Fred Bergsten of the Washington Institute, makes a similar attack on Taiwan. Both fail to distinguish between the need to remove import controls and to secure an adequate growth of exports, and the need to remove import controls and to secure an adequate growth of exports, and the need to remove import controls and to secure an adequate growth of exports.

The normal effect of a reduction in US overseas borrowing would be to reduce world real interest rates and enable developing countries to move away from dependency and back to borrowing in the world capital markets. Eliminating the surpluses of the Pacific countries would prevent this development, which ought to appeal to a Thatcherite.

The condition for economic prudence is not the avoidance of current payments deficits or surpluses, but that countries should add to, rather than run down, their capital stock, and overseas assets have their place as part of that stock.

In an Economic Viewpoint on July 18, I explained Professor James Meade's proposal for a national wealth objective. The wealth objective achieves more effectively what the balance of payments target attempts to do very crudely, namely it provides a safeguard against the country concerned enjoying a high level of consumption by living on tick and storing up trouble for the future.

It also has the great additional advantage that each country can pick its own wealth objective independently without requiring the international co-ordination that balance of payments objectives do.

Unfortunately, it is difficult to measure the national wealth meaningfully except as fairly long intervals. Currency and stock exchange fluctuations produce such erratic movements in the overseas capital component, that it would be undesirable even to attempt a regular year-by-year progress.

It is much better therefore to take some rule of thumb short cut. An example would be a roughly balanced budget or a stable national debt to income ratio. Such budgetary rules are essentially medium-term devices to prevent governments from themselves contributing to a weakening of the national capital stock or to the eating of the seed corn.

They should be geared to medium-term trends. The target for US deficit reduction, for instance, be related to a year of normal growth, and we should not worry about an over-run in 1988 if that turns out to be a year of recession or slow-down. Similarly a UK revenue windfall.

World current balances

1986 1987 1988\* 1989\* 1990-2 average

OECD -14 -23 -30 -37 -57

of which: US -141 -147 -114 -87 -58

Japan +86 +64 +73 +64 +62

W.Germany +38 +42 +35 +25 +14

OPEC +15 -20 -22 -22 -18

LDCs -59 -54 -68 -74 -94

\* Forecasts, Glasgow

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From the Director of the Association for Information Management

Sir, It may not be appreciated that certain elements of the Copyright, Designs and Patents Bill, currently going through the Committee stage in the House of Lords, will have a profound effect on the cost to industry of the provision of essential information.

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However, such normal and indeed essential activities carried out in most if not all industrial and commercial concerns up and down the country will require substantial payment if the common law system of property ownership protects the property rights inherent in the purchase. It could be disastrous if the actual transfer of shares were rendered void. The preferable view, therefore, is that it is the exercise of the rights attached to the shares which becomes ineffective. This formulation would be consistent with other rulings of the Court of Justice in intellectual property cases. (Though if buyers are denied the right to exercise the rights in the shares they purchase, one wonders whether the buyer has got the value he or she originally bargained for.)

The existing proposal on merger control, which has engendered so much hostility from the British Government, will have to be overhauled or more likely - scrapped. If legal certainty is to be restored, then a new regulation which grants formal exemption to certain types of merger will have to be passed. The consequences of the Council of Ministers failing in this respect will be to cast a cloud of legal insecurity over the whole business of corporate acquisitions.

Nicholas Green, European Law Chambers, 5 King's Bench Walk North, Temple, EC4

whether due to exceptionally fast economic growth or any other cause, should be set aside - even if that involves a negative PSBR - and not used for extra tax cuts.

It is because the US current payments deficit has been associated with a large budget deficit that financial markets have rightly worried. For it has mainly financed an increase in \$50bn per annum or less than 1 per cent of GNP.

The other side of the coin is a fall in the US current account deficit to similar levels, which are again quite sustainable whether judged by financing or wealth criteria.

The projection has been based moreover on a devaluation of the dollar to DM1.86 and Y125. The first has already been achieved (and the second is only 7 per cent or so away) while the Institute Review was in the press.

Thus the argument between the dollar devaluationists and their opponents has already been settled by the markets, except for those who want to play with fire by provoking an over-devaluation.

The state of the dollar, and the US budget and payments balance, remind me irresistibly of the UK in 1976. Then too, initial scepticism was highly sceptical of the IMF's agreement with the Labour Government. Then too, the action to reduce both the Budget deficit and the growth of government spending taken before the IMF arrived but which bore fruit later, were brushed aside by the naive cynics. Yet the sceptics were astonished by the speed with which sterling and the external and internal balances all eventually turned round.

History does not repeat itself exactly. But the wider moral remains. Monetary policy - although not necessarily monetary targets - will promote price stability. Pay flexibility will promote jobs. Nearly-balanced budgets in the medium term will stop governments from eating the seed corn. Short-term surpluses from balance in both directions can help a little with business cycle stability.

Follow all these guidelines and the balance of payments will look after itself. Ignore them and nothing else will help with the balance of payments or anything else.

US Government consumption rather than profitable investment. The reason for being sanguine about the US payments deficit to date is that it is associated with a nearly balanced budget.

Financial markets have still to grasp that the trend of the US Budget deficit is smartly downward. The Gramm-Rudman legislation lays down increasing mandatory cuts for both 1988 and 1989. The President and Congress fail to agree. From 1990 onwards specific deficit objectives are enacted, not merely reductions from what would otherwise have been the case.

On the budgetary arithmetic, the new National Institute Review (which contains some interesting new features associated with Simon Wren-Lewis) has a detailed projection, shown in the third table, based on the assumption that the recent Washington accord merely consolidates in 1988 the fall in the deficit cut that has already occurred, but that there are substantial spending cuts and tax increases from 1989 onwards.

The Institute rightly adds in the state and local surpluses to give the combined public sector balance, which by the early 1990s is projected to reach very easily financeable levels of around

US budget balance

1986 1987 1988\* 1989\* 1990\*

Total public sector -138 -123 -122 -92 -53

Federal sector -205 -165 -167 -137 -107

\* Forecasts

Source: NICBR

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## Lombard

## How Japanese pick winners

By Guy de Jonquieres

LOOKING FOR a really original Christmas gift? Then try shopping in Tokyo. For the overworked host, there is the "robot drinks server", cunningly styled in plastic in the shape of a human hand and a cup as only 1,880. Wind it up, place a full glass in the palm and let it trundle across the table, where it will stop automatically in front of your delighted guest.

Or how about an "electronic organiser" to replace the floofy? No bigger than a credit card and packed with memory storage for phone numbers and diary engagements, it even has a coded password to protect your secrets. Unfortunately, it also has a fatal flaw: whenever the battery is replaced, the entire contents are erased and must be laboriously entered all over again.

What these eminently resistible products illustrate is that, for every commercially successful Japanese innovation such as the Sony Walkman, there are dozens of others justly condemned to speedy oblivion. Indeed, Sony reckons that if one in 10 of its new products is a hit, it is doing well: three out of 10, and the company is laughing all the way to the bank.

Scattering new products on their home market and seeing if anyone buys is how many Japanese companies do market research. Wasteful as it may appear to a western eye, it has distinct benefits. Demand can be gauged far more accurately by consumers' readiness to spend money spontaneously than by probing their attitudes towards new product ideas which exist only as prototypes, if at all.

This approach also limits risk and favours efficient resource allocation. Bad product ideas can be weeded out early, and efforts concentrated on those projects offering the highest potential returns. This ruthless selection process, coupled with a determination to keep on trying, has arguably been far more important to Japan's industrial success than any aptitude for long-term planning - an area in which many Japanese companies insist they are decidedly weak.

The trick, of course, lies in being able to develop products fast and cheaply, and to move swiftly into mass production. In the west, only young venture

capital-funded companies can hope to rival such audaciously eclectic innovation. Bigger companies, handicapped by high overheads and cumbersome internal decision-making, have had difficulty matching the Japanese either in the speed or in the prolific volume of commercial product development.

Whether Japan will be able to continue this practice in the future is, however, questionable. The high yen and growing competition from other Asian countries are making it increasingly hard to survive as an exporter of lower-priced products in sectors where it has traditionally excelled such as cars, consumer electronics and machine tools.

Consequently, a race is on among Japanese companies to move into higher value-added businesses, where brainpower and sophisticated technology count for more than low-cost production. Corporate investment in basic research has risen sharply in the past few years, while many mature industries such as steel are diversifying pull-mill into newer, science-based activities.

In the aggregate, this shift of resources stands to benefit the Japanese economy by broadening and deepening its industrial base. But for individual companies, the story may be rather different. By definition, the more research-intensive their chosen fields of endeavour, the more costly will be the process of product development and the heavier the penalty for failure. Scope for traditional "scattergun" tactics may be increasingly constrained in favour of a more focused approach to innovation.

Many Japanese companies recognise this paradox, though few see easy answers. The solution may have to await shake-out among the overcrowded ranks of sectors such as cars and electronics, where competition is ferocious. The survivors would then be free to differentiate themselves by specialising systematically in more narrowly defined market segments, instead of firing off wildly in all directions. That could be much more profitable in the longer term. But shopping in Japan might tell much of its entertainment value as a result.

## Radiation dosage unresolved

From Mr David Webster

Sir, The issue of common EC standards for permissible radioactive contamination in foodstuffs remains unresolved. According to your correspondent (October 10), it now threatens disruption of farm trade between member states.

One of the main obstacles to agreement is the insistence of our own Government, contrary to the view of most member states, that the recommendations of the so-called Article 31 group of experts must be treated as sacrosanct because they are "scientific". This assertion deserves to be challenged.

The Article 31 group argues that the limits it recommends will hold radiation doses to all individuals below the annual maximum recommended by the International Commission on Radiological Protection. Yet this maximum is said by the ICRP to be permissible only in "some" years; the lifetime average annual limit is five times lower.

Both limits are due to be revised downwards to take account of new information on radiation risks, as has now been acknowledged by the National Radiological Protection Board. Moreover, the Article 31 group makes no allowance for doses received from sources other than marketed foodstuffs, such as inhalation or external gamma irradiation.

An ad hoc group of "independent high-level scientists" set up by the European Commission

called for a detailed examination of local food habits. This has not happened, and the Article 31 group has relied on very broad assumptions. It began by assuming last year that no individual would receive an annual dose from any single foodstuff equal to more than 10 per cent of that which would be received from consuming that foodstuff at the maximum level of contamination for a whole year. It has now revised this recommendation to a "factor" of five for major foodstuffs. This is scarcely a scientific procedure.

Nor have the scientists had the benefit of reliable estimates of the radiation doses actually received from Chernobyl. Such evidence as we have - from a preliminary study by the NRPB - suggests that even with the present state of evidence, some people in Britain may well have received doses equal to more than half the ICRP single-year maximum. Doses in some other EC countries were higher.

But matters of this kind cannot be decided, even in principle, on the basis of scientific information alone. Benefits must be weighed against costs, and all that a scientist can do is to advise on some, and not all, of these.

The scientists of the Article 31 group have gone beyond their competence in making the non-scientific value judgement that fixing any food radioactivity limits at all constitutes a "severe" and "complex" intervention in

the market which can only be justified as "significant" levels of radiation dose. Surely a more relevant consideration is that the EC is a food surplus area, already characterised by severe and complex interventions in the form of the Common Agricultural Policy. In current circumstances, the acceptance of significant contamination in most marketed foods is simply unnecessary.

David Webster, 38 Crompton Avenue, Calthorpe, Glasgow

Copying for commerce

From the Director of the Association for Information Management

Sir, It may not be appreciated that certain elements of the Copyright, Designs and Patents Bill, currently going through the Committee stage in the House of Lords, will have a profound effect on the cost to industry of the provision of essential information.

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However, such normal and indeed essential activities carried out in most if not all industrial and commercial concerns up and down the country will require substantial payment if the common law system of property ownership protects the property rights inherent in the purchase. It could be disastrous if the actual transfer of shares were rendered void. The preferable view, therefore, is that it is the exercise of the rights attached to the shares which becomes ineffective. This formulation would be consistent with other rulings of the Court of Justice in intellectual property cases. (Though if buyers are denied the right to exercise the rights in the shares they purchase, one wonders whether the buyer has got the value he or she originally bargained for.)

The existing proposal on merger control, which has engendered so much hostility from the British Government, will have to be overhauled or more likely - scrapped. If legal certainty is to be restored, then a new regulation which grants formal exemption to certain types of merger will have to be passed. The consequences of the Council of Ministers failing in this respect will be to cast a cloud of legal insecurity over the whole business of corporate acquisitions.

Nicholas Green, European Law Chambers, 5 King's Bench Walk North, Temple, EC4

Not the least of these is whether the Council of Ministers will now have to pass new legislation on merger control - something they have been loathe to do over the past decade, despite repeated Commission pressure.

Notwithstanding opposition from a number of governments it would seem that this judgement will lead almost inevitably to the introduction of a Regulation on mergers in the EC. National opposition from the member states will have to be tempered, because if a Regulation is not forthcoming which includes within its exemptions for certain types of merger, then the potential for perfectly reasonable acquisitions being challenged under Article 86 by detractors is considerable.

Indeed, there are many UK mergers which would not be referred to the Monopolies and Mergers Commission but which could fall under Article 86. This may be interpreted in a number of ways: must the agreement expressly provide for the option of later control; or is the Court of Justice referring to the mere possibility based upon further purchases on the market which give control; or do both apply?

Many questions concerning the effect of the judgement arise.

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# FINANCIAL TIMES

Thursday November 26 1987

**POSITIVE**  
That's BTR

## Artistic freedom enters stage left in Peking

COMMUNIST party control over the arts in China will be eliminated, Ying Ruocheng, the Vice-Minister of Culture, has promised. Steven Butler and Colina MacDougall write from Peking.

His pledge is by far the clearest statement by any senior Chinese official endorsing freedom of expression.

It comes after last month's party Congress and a period of uncertainty in the wake of Hu Yaobang's resignation as general secretary earlier this year and the campaign against "bourgeois liberalism".

"We do not believe in direct management any more," Ying said, referring to the Communist party's practice of dictating to authors and artists the contents of creative works. The party would now encourage creative freedom. "We are not retreating from that," he said.

His comments appeared to dispel fears that the party might move to clamp down on freedom of expression while containing its economic reforms. They mark a sharp contrast

with traditional party policy towards arts and literature established in the early 1940s by Mao Tse Tung, then party chairman.

Ying, who recently starred in the Chinese production of Arthur Miller's "Death of a Salesman", said that Mao's dictums, specifying that arts and literature must serve the cause of the Chinese revolution, were no longer relevant. "The war mentality has to be changed."

The party would continue to express its views on works of art, but "we should not

interfere with artists through Government or party. We have no right to ban a play or suppress something or artificially promote a certain style. We've done all that and we're not going to repeat those mistakes again."

Ying made a surprisingly robust defence of Hu Yaobang, who was forced from office after student demonstrations in China's major cities. He, he said, had prevented earlier criticism of writers and artists from turning into persecution.

His dismissal had caused

"dismay" among artists and had led all major theatre companies in Peking to cancel the production of potentially controversial Chinese plays, substituting foreign works seen as less politically sensitive.

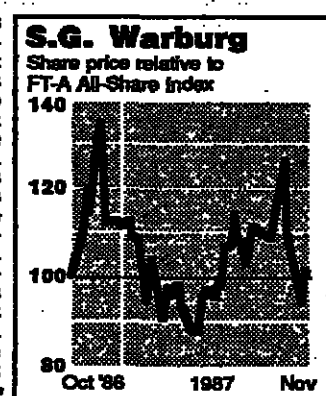
Ying admitted party control over the arts was still strong. Nonetheless, he was encouraged by the recent boldness and confidence of artists in tackling controversial subjects.

"We are now enjoying the beginning of a period of creative freedom. I will not say we already have it

## THE LEX COLUMN

# Warburg rides out the storm

S.G. Warburg's first half figures may be of only academic interest, since they were struck before the Great Crash, but a doubling in pre-tax profits to \$78.8m and a 17 per cent rise in the interim dividend shows the sorts of returns the group can earn when the financial markets are booming. Indeed, the figures understate the potential since Warburg changed its development spending against profits in the current half, rather than dipping into hidden reserves, and its fixed interest business did not prosper. A dominant position in UK equities, and an impressive performance from Mercury Asset Management which tripled pre-tax profits to \$28.9m, provided the bulk of first half growth and gave Warburg the confidence and cash flow to support its ambitious development plans. It stresses these remain intact.



for such a harsh reaction. Fibres aside, every division is now doing well, with even industrial paints, the perennial problem area, in better shape.

It would be silly to pretend that Courtaulds is insulated from either the dollar or from recession, but it is not so exposed as to justify a 25 per cent discount to the industrial average. Paradoxically, a mini-recession might be just what its flagging sales needs, as it would put its strength to the test. It might also throw up enough tempting opportunities to wear it from its hitherto unadventurous approach to acquisitions.

### BAT

Once more in labyrinthine nine months' figures from BAT's yesterday, the market lapped 24p off the share price to 425p. One reason was uneasiness over the group's post crash decision not to take credit for \$41m of smoothed third-quarter investment appreciation on Eagle Star's non-life funds. The issue is complex, especially since BAT's says it is sticking to its policy of bringing forward unrealised capital appreciation on Eagle Star's portfolio into the profit-and-loss account. At end-1986, Eagle Star had a solvency margin of a remarkably high 109 per cent, justified according to BAT's by the volume of risky liability business in its insurance book. Equity market turmoil had sliced the margin back by late last week, but only to the mid-80s - still 10 points clear of General Accident. If the financial strength of composite insurers makes them strong defensive plays, BAT's has a recession-proof element here to match its tobacco interests.

### Courtaulds

If Courtaulds were a less self-effacing kind of company it would surely despair at the 40 per cent fall in its share price over the last few weeks. After the short of a complete collapse in the dollar. Because the company is still essentially a dollar earner the interim pre-tax profit rise slipped from 15 per cent to 3 per cent on translation (with even less favourable terms for the full year), and that figure was also depressed by higher than expected capital expenditure. But the underlying, pre-translation growth in trading profits remains comfortably clear of 25 per cent and the seductive long-term strategy remains only slightly dented by recent turbulence.

### Cable and Wireless

The hammering of Cable & Wireless's share price is surely a classic market over-reaction short of a complete collapse in the dollar. Because the company is still essentially a dollar earner the interim pre-tax profit rise slipped from 15 per cent to 3 per cent on translation (with even less favourable terms for the full year), and that figure was also depressed by higher than expected capital expenditure. But the underlying, pre-translation growth in trading profits remains comfortably clear of 25 per cent and the seductive long-term strategy remains only slightly dented by recent turbulence.

### Texaco

Mr Holmes a Court's decision to sell half his stake in Texaco to Mr Carl Icahn's TWA, and offer him the right of first refusal on the balance, is the surest sign to date of the differing financial fortunes of two of the world's most adventurous financiers. Mr Icahn's bankers obviously have confidence in his ability to turn a large chunk of his own money up company which is paying no dividend and is ploughing its way through the bankruptcy courts. Mr Holmes a Court, by contrast, is under pressure to raise cash quickly, and Texaco is his biggest non-performing asset. However, it is far from clear that he will be able to use the proceeds of \$230m for the year a little generous, there was no reason

Richard Evans in London reports on a growing dilemma for the British Bobby

## Learning to live with gun law

BRITAIN'S police force boasts one remarkable statistic which is the envy of law enforcement agencies around the world. Until this year only two criminal suspects had been killed in a gun-fight by armed police marksmen in England and Wales in the last decade.

Last year there was only one incident in which a shot was fired, but no deaths or injuries. This compares with New York City in 1986 when guns were fired by police on 223 occasions, killing 12 suspects and injuring 48.

This year, however, the number of incidents in the UK has already risen to five, including two men shot in separate incidents in the last week.

In many other countries these incidents might have gone more or less unnoticed. In Britain, where as recently as the 1950s the British "Bobby" equipped with bicycle, torch and truncheon was a common sight, they made front-page news and provoked genuine public concern.

The question now being asked is whether this represents an inevitable escalation that will lead to more gun battles of the kind more often seen on the streets of New York between the police and criminals in Britain or is it merely a series of bizarre coincidences.

Two key facts have to be taken into account. The first is the increasing number of guns in circulation held illegally in the UK. The growing use of guns in robberies and other criminal activities has forced the UK's painfully under-protected police to respond.

The proliferation of legally held guns in Britain's 33 police forces has underlined dramatically last August when a deranged intruder shot 16 people dead in Hungerford, a quiet little English country town, using a semi-automatic Kalashnikov rifle he had purchased and registered in accordance with the UK's relatively strict gun laws.

As a result of all this Britain's police force feels itself to be too vulnerable too often. The second aspect to the growing debate over firearms policy are the recent changes in procedures by Britain's 33 police forces in training and in the use of firearms. New rules governing the way in which British policemen may use guns were introduced earlier this year in response to the growing use of



The changing face of Britain's police: a member of the Metropolitan Police firearms training school on guard outside a London court during a recent terrorist trial

firearms, together with a number of worrying incidents that appeared to show lack of control and training by the police and some errors of judgment.

There was the wounding in 1983 of Stephen Waldorf, a young man who was nearly killed by police bullets when he was mistaken for a criminal on the run; the accidental shooting of a five year old boy in 1985 during a police raid on a house in the industrial city of Birmingham and the paralysing of a woman after she was shot accidentally by a police inspector during a raid in the predominantly black district of Brixton in south London.

These incidents, along with the handling of race riots in Britain's big cities by the police, have stirred growing controversy over the role of the country's law enforcement agency.

The main reforms based on recommendations of the UK's

or regional police chief level. Reasons for the use of firearms and all alternatives must be examined - at least officially - when a suspect is armed, or so dangerous that he cannot be restrained without their use.

They may be used, for example, when it is apparent that a police officer cannot prevent loss or further loss of life by any other means. Even then, before firing, an officer is advised whenever possible to give a warning offering a suspect an opportunity to drop his weapon.

In practice procedures may be more fluid but ultimate responsibility for firing rests with the individual officer and the decision to do so may have to be justified in legal proceedings, as was the case in two shootings recently, when both officers were tried and acquitted.

Much of the training concentrates on the possibility of having a suspect who is armed, but not willing to use his weapon. In practice procedures may be more fluid but ultimate responsibility for firing rests with the individual officer and the decision to do so may have to be justified in legal proceedings, as was the case in two shootings recently, when both officers were tried and acquitted.

Current instructions demand that, once committed, the police marksman shoots to kill. Firing twice at the trunk. This is because maiming would give the suspect time to respond.

Reforms covering not only weapons training but also psychological assessment. Officers are subjected to inquiries about their professional and private life, and if they show signs of mental instability they are removed from the list.

The number of operations for which police officers have been issued with firearms has been on a declining trend in the last few years. There were 2,463 in England and Wales last year, 2,488 in 1985, 2,667 in 1984 and 3,180 in 1983.

Details of the Government's plans to tighten the general firearms laws in the wake of the Hungerford massacre are expected next week, but even if the numbers of guns decline, the use of more sophisticated use of firearms by the police is now set.

The tightening up of procedures for the British police, restricting firearms to a smaller number of highly trained men, could mean a higher number of deaths as police react with greater efficiency to the use of guns by criminals. But it should also mean fewer blunders in the use of guns by the police.

## Italian weather clouds strike call

By John Wyles in Rome

ITALY'S first four-hour general strike for three years just about managed to keep afloat yesterday despite nationwide cloud-bursts and a strong wave of indifference among many industrial workers.

The rains drove some open air rallies to a halt, but the unions' hopes of many televised demonstrations of widespread support.

As on previous occasions, estimates of the response varied wildly. The unions claimed about 85-90 per cent backing among industrial workers, while individual employers reported much less.

But the unions did acknowledge a much lower response among public employees and softer support among many southern industrial workers.

Fiat claimed that "hardly 20 per cent of its workforce had supported the stoppage - slightly less than in the last such exercise in 1984. The unions claimed a 34 per cent backing.

But the company reported that 54 per cent of Alfa Romeo workers had stopped work at the Arese plant near Milan and 30-34 per cent at Pomigliano (70 per cent according to the unions) near Naples. In the past few years, the company's membership has traditionally been much higher at Alfa than at Fiat.

Elsewhere, Montedison said that about half its employees in the chemical plant had supported the strike. Leaders of the three union confederations claimed in speeches that the stoppage was a clear demonstration of union strength, despite the depressed economy, internal divisions and political setbacks.

The stoppage was called to drive home rank-and-file opposition to the Government's proposed budget, which union leaders claim is sacrificing employment, social welfare and development in the south in an unbalanced attempt to reduce the public sector deficit.

But the union action had no discernible impact on the lower house of parliament yesterday. It delivered a resounding vote of confidence in Mr Giovanni Goria's Government.

## Bonn plans to boost growth of economy

Continued from Page 1

economy was being badly led and that Bonn's policies were "over-anxious deflationary".

Simon Holberton writes: Mr Schmidt's comments, together with some modest intervention by the Bundesbank and the lowering of another key West German money market interest rate, suggested the dollar's fall yesterday, but market sentiment remains bearish on the US currency.

After cutting its rate on securities repurchase from a record low of 3.25 per cent, the Bundesbank replaced the whole repurchase facility at the new rate.

In early European trading the dollar had fallen as low as DM1.6590 but by mid-session had recovered to around DM1.6724. In quiet later trading the dollar managed to rise to DM1.6875 by the London close, but this was well down on Tuesday's close of DM1.6875.

Trading is likely to be subdued today, the Thanksgiving Day holiday in the US.

In London, the dollar closed at Y134.70 compared with Y135.50

## Ershad faces fresh political turmoil, new general strike

PRESIDENT Hossein Mohammad Ershad of Bangladesh faced a fresh whirlwind of political turmoil yesterday as opposition parties prepared for a new three-day general strike against his Government, Reuters reports from Dhaka.

Officials said police were ordered to increase security in Dhaka, Chittagong and main towns to prevent bloodshed.

Eleven people were killed in opposition-led protests in the past two weeks.

Mr Ershad, who has been in power since 1982, is a so-called war of nerves and attrition. If it continues like this, many of us will go mad," one police official said yesterday.

In Dhaka, panic buying by residents in preparation for the new protests pushed up prices of food and other essential commodities,

market sources said. The opposition parties said they would stage a 72-hour nationwide stoppage from Sunday morning. The last strike ended on Tuesday.

"The new strike is designed to follow up successful general strikes during the current protests launched on November 10 and to exert pressure on Ershad to resign," they said in a joint statement.

The strikes have shut down businesses and industries, and heavily damaged Bangladesh's shaky economy, commerce officials said yesterday.

Mr Anwar Zahid, Information Minister, said earlier the strike cost the country of 105m people, one of the world's poorest nations, nearly \$50m a day in lost production and exports.

"The economy is about to collapse," he said. He warned that the strikes could triple the number of Bangladeshis unemployed, currently 17m, by next year.

Gen Ershad, who seized power in a military coup in 1982 and re-established civil rule last November after winning a disputed presidential election, has said he would not step down.

Political analysts said Gen Ershad's newly united opponents had not been able to turn the protests into a mass movement strong enough to topple him.

Gen Ershad told police on Tuesday to arrest political activists, bomb-makers and arsonists in a new crackdown on his rivals.

Police said hundreds of people had been injured in clashes between opposition and government supporters during the recent protests. More than 1,500 have been arrested.

The Government last week put the key opposition leaders, Awami League chief Sheikh Hasina and Bangladesh Nationalist Chairman Begum Khaleda Zia, under house arrest.

## US to halt cruise missile deployment

Continued from Page 1

and the Soviet Union had finally reached agreement "with extraordinary satisfaction".

Last June, Mr Kohl was refusing to include West German Pershing 1A missiles in an INF deal. Now these, too, form part of the Geneva package.

There was, however, only a brooding silence from the other coalition partner, the right-wing Bavarian Christian Social Union

(CSU), which has fiercely opposed the inclusion of the German Pershing 1A's.

The issue of strategic control over the agreement is potentially divisive. Although all the European governments would like to see further progress on reduction in the number of strategic weapons, there is some disagreement about emphasis on other areas of arms reduction.

The British, French and Dutch want to concentrate on disarmament of conventional forces and chemical weapons, rather than on tactical nuclear weapons. The West Germans are anxious that follow-up negotiations should be

held as rapidly as possible on short-range nuclear missiles.

There is also a question of what will replace the missiles. Diplomats at Nato made it clear yesterday that the deployment of further sea and air-launched cruise missiles is under active consideration, with strong British support, in order to maintain the allies' nuclear deterrent capacity post-INF.

They say the INF treaty is a major advance in removing an entire category of nuclear weapons from the super-powers' arsenals, but it does not prevent reinforcement in other areas, aimed at the same targets.

## World Weather

Place	Temp	Wind	Cloud	Precip
Alaska	10-15	10-15	10-15	10-15
Albania	10-15	10-15	10-15	10-15
Algeria	10-15	10-15	10-15	10-15
Argentina	10-15	10-15	10-15	10-15
Australia	10-15	10-15	10-15	10-15
Austria	10-15	10-15	10-15	10-15
Bahamas	10-15	10-15	10-15	10-15
Bahrain	10-15	10-15	10-15	10-15
Bangladesh	10-15	10-15	10-15	10-15
Barbados	10-15	10-15	10-15	10-15
Belgium	10-15	10-15	10-15	10-15
Belize	10-15	10-15	10-15	10-15
Bermuda	10-15	10-15	10-15	10-15
Bhutan	10-15	10-15	10-15	10-15
Bolivia	10-15	10-15	10-15	10-15
Bosnia	10-15	10-15	10-15	10-15
Botswana	10-15	10-15	10-15	10-15
Brazil	10-15	10-15	10-15	10-15
Brunei	10-15	10-15	10-15	10-15
Bulgaria	10-15	10-15	10-15	10-15
Burkina Faso	10-15	10-15	10-15	10-15
Burundi	10-15	10-15	10-15	10-15
Cambodia	10-15	10-15	10-15	10-15
Cameroon	10-15	10-15	10-15	10-15
Canada	10-15	10-15	10-15	10-15
Cape Verde	10-15	10-15	10-15	10-15
Cayman	10-15	10-15	10-15	10-15
Chad	10-15	10-15	10-15	10-15
Chile	10-15	10-15	10-15	10-15
China	10-15	10-15	10-15	10-15
Cote d'Ivoire	10-15	10-15	10-15	10-15
Croatia	10-15	10-15	10-15	10-15
Cuba	10-15	10-15	10-15	10-15
Cyprus	10-15	10-15	10-15	10-15
Czechia	10-15	10-15	10-15	10-15
Dominica	10-15	10-15	10-15	10-15
Dominican Rep	10-15	10-15	10-15	10-15
DRC	10-15	10-15	10-15	10-15
Ecuador	10-15	10-15	10-15	10-15
Egypt	10-15	10-15	10-15	10-15
El Salvador	10-15	10-15	10-15	10-15
Equatorial Guinea	10-15	10-15	10-15	10-15
Eritrea	10-15	10-15	10-15	10-15
Estonia	10-15	10-15	10-15	10-15
Ethiopia	10-15	10-15	10-15	10-15
Fiji	10-15	10-15	10-15	10-15
Finland	10-15	10-15	10-15	10-15
France	10-15	10-15	10-15	10-15
Gabon	10-15	10-15	10-15	10-15
Gambia	10-15	10-15	10-15	10-15
Germany	10-15	10-15	10-15	10-15
Ghana	10-15	10-15	10-15	10-15
Greece	10-15	10-15	10-15	10-15
Guatemala	10-15	10-15	10-15	10-15
Guinea	10-15	10-15	10-15	10-15
Guinea-Bissau	10-15	10-15	10-15	10-15
Haiti	10-15	10-15	10-15	10-15
Honduras	10-15	10-15	10-15	10-15
Hungary	10-15	10-15	10-15	10-15
Iceland	10-15	10-15	10-15	10-15
India	10-15	10-15	10-15	10-15
Indonesia	10-15	10-15	10-15	10-15
Iran	10-15	10-15	10-15	10-15
Ireland	10-15	10-15	10-15	10-15
Israel	10-15	10-15	10-15	10-15
Italy	10-15	10-15	10-15	10-15
Jamaica	10-15	10-15	10-15	10-15
Japan	10-15	10-15	10-15	10-15
Jordan	10-15	10-15	10-15	10-15
Kazakhstan	10-15	10-15	10-15	10-15
Kenya	10-15	10-15	10-15	10-15
Korea	10-15	10-15	10-15	10-15
Kuwait	10-15	10-15	10-15	10-15
Kyrgyzstan	10-15	10-15	10-15	10-15
Laos	10-15	10-15	10-15	10-15
Latvia	10-15	10-15	10-15	10-15
Lebanon	10-15	10-15	10-15	10-15
Lesotho	10-15	10-15	10-15	10-15
Liberia	10-15	10-15	10-15	10-15
Lithuania	10-15	10-15	10-15	10-15
Luxembourg	10-15	10-15	10-15	10-15
Madagascar	10-15	10-15	10-15	10-15
Mali	10-15	10-15	10-15	10-15
Maldives	10-15	10-15	10-15	10-15
Malta	10-15	10-15	10-15	10-15
Mauritania	10-15	10-15	10-15	10-15



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# Bechtel family member in senior group post

BY LOUISE KENOE IN SAN FRANCISCO

MR RILEY P. Bechtel, the 35-year-old son of Bechtel Group Inc. chairman Mr Stephen D. Bechtel Jr, has been named an executive vice-president and member of the executive committee of this large San Francisco-based engineering and construction concern.

The promotion makes Mr Riley Bechtel the fourth generation of the Bechtel company to take on a senior executive management position at the privately-held firm, and would appear to suggest that he may eventually succeed his father as company head.

Founded in 1898 by Mr W.A. Bechtel, grandfather of Mr Stephen D. Bechtel Jr, BGI is far from the average "family business". Listed as one of the largest engineering and construction firms in the world, the company last year performed work valued at \$5.6bn.

In his new post, Mr Riley Bechtel will be responsible for co-ordinating Bechtel's marketing and business development activities worldwide. He will also assume a wide range of corporate functions. He becomes one of three executive vice-presidents reporting to president Alden Yates, and one of five members of the powerful executive committee.

Mr Riley Bechtel has worked for Bechtel since 1986, starting as a boy when he spent his summer vacations with the company. Most recently, however, he

has held the position of managing director of Bechtel Ltd, in London.

Mr Ken Turnbull, a veteran of 17 years' standing with the Bechtel organisation, was named to succeed Mr Riley Bechtel in London. Mr Turnbull has extensive international experience, including heading Bechtel China Inc. He has also spent several years at Bechtel's headquarters in San Francisco, where he was assistant to former BGI president George Shultz, now US Secretary of State, and later held the same position with Mr Stephen D. Bechtel Jr. A British citizen, he recently returned to the UK to become manager of operations for Bechtel Ltd.

THE Chicago Board Options Exchange, pioneer of listed options and the world's largest options marketplace, has appointed Mr John P. Frazee Jr, who is president and chief executive officer of Centel Corporation, to serve on the CBOE board.

Mr Frazee will serve a two-year term as one of CBOE's four public directors. He has been with Centel for 15 years, and was instrumental in shaping it into one of the country's major telecommunications companies, helping to direct the corporation in its initial investment and involvement in cable television and business systems. Since 1985, he has served on

Centel's board of directors, and he assumed his current position at the end of April this year. Two years ago, he received the President's Award from the National Cable Television Association for his "outstanding contribution to the growth and development of the cable television industry."

John Frazee brings to the Exchange years of experience in the fields of technology, marketing and communications, commented Mr Alger B. Chapman, CBOE chairman and chief executive officer. "Headquartered in Chicago, he has a true understanding of the Exchange's role as a premier financial institution."

IN THE US, the 144-year-old hand tools and industrial products group Stanley Works has made a notable addition to its board by electing as a director Mr Merle H. Banta. He is chairman and chief executive officer of AM International, manufacturers and distributors of a broad line of advanced business graphics equipment and supplies.

Mr Donald W. Davis, chairman of Stanley Works, said: "Merle Banta's extensive business background, entrepreneurial experience, leadership and community involvement add further strength to our board in areas that have long been important to Stanley. He heads a company (AM) that has sales of \$1.02bn

# American Express Bank executive

AMERICAN Express Bank (AEB), wholly-owned international banking arm of American Express, the financial and travel services group, has elected Mr William J. Russo as first vice-president, public affairs and advertising at AEB.

Mr Russo, 36, is replacing Mr Paul D. Feldman who has left AEB in order to study at Harvard Business School. The Bank's worldwide public relations, advertising and employee communications activities will be managed by Mr Russo.

He began his career with American Express in 1974 as manager of customer service for American Express Travel Related Services. His last post was vice-president of corporate communications for American Express.

EXXON, the biggest US oil group, is promoting Mr Sidney J. Keso from his present position of executive vice-president at Exxon International to president of that unit from January 1, succeeding Mr Richard G. Reid who will reach the mandatory retirement age.

Mr William D. Stevens moves from executive vice-president of Exxon USA to president of that division from January 31. He will succeed Mr Randall Meyer, also reaching the mandatory retirement age.

# Marketing chief at Rockwell division

ROCKWELL International, the US group which applies advanced technology to a wide range of products in its aerospace, electronics, automotive and general industries businesses, has created a new senior post at its semiconductor products division, a leader in digital communications technology.

The new position of vice-president of worldwide marketing and sales has been appointed to Mr David Marriott, aged 63. Based at the division's Newport Beach headquarters and reporting directly to Dr Gilbert F. Amelio, division president, Mr Marriott will be responsible for directing all sales and marketing operations.

Mr Marriott joined the division in January last year as general manager of European operations.

He previously served with several US-based semiconductor concerns, including Texas Instruments, General Instruments and Fairchild.

Dr Amelio commented: "Expanding our organisation to provide a vice-president of worldwide marketing and sales further strengthens our ability to meet growing demand from all over the world for our data communication products. With over 17 years of management and international marketing experience, Mr Marriott possesses the expertise needed to direct the activities of a global sales and marketing organisation."

The division has named Mr Jean-Claude Vignaud to succeed Mr Marriott as general manager of European operations.

# Warburg fills US post

THE GROWING mergers and acquisitions business in the US has prompted S.G. Warburg Group, the US investment banking concern, to become the overall responsibility of Mr Philip Keevil, 41, who is resident in New York.

He has been appointed a director of S.G. Warburg & Co. Ltd, and a managing director of S.G. Warburg & Co. Inc. in New York, with effect from December 1.

Mr Keevil joined Morgan Stanley in New York in 1975. He moved to the Mergers and Acquisitions Department of Lazard Freres in 1979. Since the end of 1986, he has been co-head of Lazard's international department, with particular responsibility for developing Lazard's cross-border mergers and acquisitions business.

GTE, the US telecommunications concern, has announced the appointment of Mr Howard M. Strigala, aged 34, as director, capital markets and finance companies.

He will be responsible for raising capital for GTE worldwide. Additionally, he will serve as general manager of GTE Finance and oversee the daily activities of both that company and GTE Export Factoring, of Geneva, Switzerland.

# Accountancy Appointments

## Taxation? Trusts? Finance?

Central London, to £40,000



This is a challenging position with no obvious title to capture the wide ranging nature of the functions envisaged.

Our client is a successful international businessman whose main business interests lie in the world of fashion and designer clothing and brand name licensing. His family has investment interests in the fields of art, antiques, property and securities both within and outside the U.K. which are separate from the Corporate Structure. It is envisaged that these business ventures and investments will be expanded.

A self-motivated financial manager is required to look after these issues. Working on your own for much of the time, you will have sole responsibility for managing this private business and investment interest in international matters of portfolio administration, taxation and liaison with professional advisors and corporate executives worldwide in a manner which would ensure total compatibility with all his other family interests.

Professionally qualified, you must be familiar with international taxation, trust administration, portfolio and funds management to ensure that these large scale investments are effectively controlled on a day to day basis.

Résumés, including a daytime telephone number, to Ros Alchin, Ref. RA7761.

Coopers & Lybrand  
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Executive Selection Limited  
Shelley House 3 Noble Street  
London EC2V 7DQ  
01-606 1975

Advertising Appointments Also Appear On Page 40 & 41

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## AN OPPORTUNITY FOR

# FINANCIAL DIRECTORS

UK Based

We should like to talk to people currently operating at the Financial Controller/Financial Director level in industry who have the ability to move into General Management after a period of 2-3 years.

Our clients number major multinational companies which are household names and world leaders in their respective markets. They want to attract commercially-minded Finance Directors who will play a key part in strategy development and who will contribute to the success of the business as a member of the management team.

We are looking for qualified accountants aged 30-45 years, preferably with an MBA or Degree in addition to the professional qualification. Sound operational

£45-55,000 including bonus element

plus the usual benefits of a major company

experience at a senior financial level within a manufacturing environment is essential, as is the ability to apply control skills to the management of a business. It is necessary for potential candidates to have international experience and to have been responsible for the finance function in more than one location of a multinational company. Ability to negotiate acquisitions and to raise funds would also be relevant and a European language an advantage.

Please write to me, Jacqui Adams, with full details of your career history and current remuneration. Your name will not be released to the client organisations until we have briefed you and you have given your consent.

Pal Recruitments, 104 Great Portland Street, London W1N 5PE.

PAL RECRUITMENTS  
Personnel Consultants

# AUDIT MANAGER

OXFORD

The chance to lead a professionally qualified team on work with an unusually high content of special projects.

As a key member of Management Audit you will manage six professional staff on system based operational audits of Group activities. You will be one of three section heads in a high profile function where a premium is placed on new ideas and decisive action. Success in this role will lead to further progress in the function or as a senior manager in line management or Group Finance within two years.

The £380 million Group has a significant staff ownership. It is engaged in the manufacture, distribution and retailing of a range of automotive and industrial components and accessories plus associated contract/consultancy services. There is an essentially young management team implementing clearly defined objectives. Ideally you should be a graduate ACA, with 3/5 years

experience in a leading accounting firm, perhaps already an Audit Manager seeking a move into industry. Alternatively you may be a graduate ICMA or equivalent with industrial experience. Business analyst skills would be useful, as would some experience with PCs. You will work at Group headquarters in Oxford where the quality of life is high. When necessary access to London is easy and fast.

An attractive compensation package is offered including bonus, company car scheme, pension and comprehensive re-location assistance. To apply please write to: John Paul, Harding Management Consultants Limited, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP or telephone 01-222 7733.

**Harding**

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A MEMBER OF THE S.M.C. GROUP

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# Treasury Experience

Nestlé is the largest food manufacturer in the world. The UK operation has a turnover of over £800 million per annum and includes some of Britain's best-known household brands—Nestlé, Nescafé, Crosse & Blackwell, Carnation, Findus, Maggi, Chamboury, Libby's, Sarson's, Dufrais, Chef and McCowan's.

We are looking for someone aged 25-35 who is qualified or studying for the Association of Corporate Treasurers examinations. You will report directly to the Group Finance Manager and assume responsibility for foreign exchange requirements, Group borrowings and management of the daily liquidity position. This is a demanding role which will require a detailed knowledge of foreign

exchange procedures and familiarity with UK Banking and the London Money Market. You will already have gained relevant experience within a Commercial, Industrial or Financial environment and are now looking for your next career step up. Essential qualities we are seeking are first-rate administrative, supervisory and interpersonal skills.

An attractive salary and benefits package will appeal to high-quality applicants. Please send your complete c.v. to Mrs K. Underhill, Personnel Officer, The Nestlé Company Ltd, St George's House, Croydon, Surrey CR9 1NR.



Nestlé

## ASST. DIRECTOR OF FINANCE

£30,000-Care-Full Benefits. Age 28-35 ACA/ACCA High-level Post-Qual Experience in the FINANCIAL sector for this prominent City institution. Executive, technical and supervisory roles. Please call for fuller details.

## AUDIT SENIORS

To £16,500. This central London position, reputable C/A's seek ambitious ACA/ACCA Qualified under 35 for large and PLC audits. Progress to management within 6 months. Please call Nadia Mincione

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£22-26,000 package to head up group of W1 PLC/Large/G.P. clients for a new office of Med. London C/A's. Then control this office once established. Very positive prospects for the future. Call Mike Morell.

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# QUALIFIED ACCOUNTANT

6 month contract  
c. £25,000 per annum

The Chief Accountant requires a conscientious and hardworking person to assist him for a period of 6 months.

Lotus 123 and mini computer experience is essential. Immediate start.

Please send C.V. to: Miss P. Taylor, Greyhound Financial Services Ltd., 11 Albemarle Street, LONDON W1X 3HE

**GREYHOUND.**



# Marketing Accountant

Recently qualified

Attractive Package including Car

Manchester

The company part of a major retail group, is a market leader, very profitable, and at the forefront of its industry in technology and systems.

The marketing budget exceeds the turnover of many major companies and this substantial expenditure requires strong systems, effective controls, and careful monitoring and analysis. These are the parameters but the substance of the role is the detailed evaluation of the benefits and profits stemming from the spend, together with recommendations on improving business efficiency.

This is a key and influential position within the Marketing Divisional Management, and with a functional line to the Financial Director.

The salary is negotiable and all other benefits are those applicable in a major group. Career opportunities are excellent.

Male or Female candidates should send a comprehensive C.V. or telephone for an application form to R. D. Howgate, Howgate & Partners, Barnett House, 53 Fountain Street, Manchester M2 2AN. Telephone: 061-228 6919 quoting reference (FT. 17).

**Howgate & Partners**  
EXECUTIVE SEARCH AND SELECTION

## COMPANY SECRETARY

Sussex to £30,000 + car

Our client, a leader in its specialised high technology sector, manufactures a wide range of sophisticated products which are marketed worldwide. A company secretary is required to join a small headquarters team based in West Sussex.

The responsibilities, which will cover the Plc and the Group's 20 UK manufacturing companies, will embrace all statutory requirements, pension administration and advice, insurances, health schemes and administrative policies. The Group has experienced considerable organic growth

over the last five years and this looks set to continue, offering continuing scope for the broadening and enlargement of the role. Candidates should be chartered secretaries with previous experience in a Plc and a willingness to adopt a 'hands on' approach as required. A confident but personable individual is needed with the ability to work harmoniously as a member of a small team.

Please write in confidence with full career details, quoting reference V1635 to Jane Woodward

**KPMG** Peat Marwick McLintock

Executive Selection and Search  
9 Creed Lane, London, EC4V 5BR.

## Accountancy Personnel

Placing Accountants First



For further details, please contact:  
Accountancy Personnel,  
Dewey House, Castle Meadow,  
Norwich,  
Norfolk NR1 3BY  
Tel: 0603 780141

### THE NORWICH WAY

**YOUNG ACAs & ACCAs** **& ATTRACTIVE**  
Norwich Union is a major British-based group of companies operating principally in the world of insurance with additional interests in Investment, Real Estate development and Financial services.

The Group's continued growth both in established markets and new fields has created a number of outstanding career opportunities for Recently Qualified Accountants.

You will enjoy a progressive salary with non-contributory pension and life assurance, relocation assistance, mortgage allowance scheme, permanent health assurance, flexible working hours and excellent sports and social facilities.



For further details, please contact:  
Accountancy Personnel  
Room G15, Cotton Exchange,  
Old Hall Street,  
Liverpool L3 9JR  
Tel: 051 236 3530

### NORTH WEST PLC

**HIGH PROFILE** **TO £18,000 + BENEFITS**  
Major PLC requires dynamic, proficient, commercially aware accountants to join an expanding department. The work will involve utilising the latest high technology, the assimilation of all aspects of operations and systems analysis.

Personality and initiative are required to communicate with Management from all disciplines.

This diversified Group offers the opportunity to develop personal and professional skills as part of a committed team. There are excellent career prospects for suitable candidates.

The salary offered is negotiable commensurate with qualifications and experience. The generous benefits include a comprehensive relocation package.



For further details, please contact:  
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48 King Street,  
Manchester  
M2 7AY  
Tel: 061 634 9733

### PROJECT ACCOUNTANT

**CHESHIRE** **c£16,000 + CAR**  
Associated Paper Industries plc, the holding company of an expanding £100 million group with a well established network of international operations now seeks an ambitious young qualified accountant with manufacturing experience to join its head office team.

The successful candidate will be involved with acquisition and investigation assignments both in Britain and overseas, and in improving group reporting and management systems.

The company offers excellent career prospects and an attractive salary package with relocation expenses where appropriate.



For further details, please contact:  
Accountancy Personnel  
As Capwell House,  
Station Square,  
Coventry CV1 2PP  
Tel: 0203 57202

### YOUNG QUALIFIED ACCOUNTANTS

**WARWICKSHIRE** **c£16,000**  
**EARLY RESPONSIBILITY... EXCELLENT PROSPECTS**

Our client is internationally renowned and a major subsidiary of a 'blue chip' company, one of the world's leading exporters and manufacturers of capital goods.

Increased business success, coupled with internal promotions, has created opportunities to join a professional team either in project financial management or in the development of computer systems.

Applicants should be in their 20's, self-motivated and professionally qualified. Experience in the financial management of major international construction projects would be particularly desirable.

Salaries are negotiable and relocation expenses are paid where appropriate.



Written applications should be made to:  
Accountancy Personnel  
33 George Street,  
Croydon,  
Surrey CR0 1LB  
Tel: 01-888 4888

### CHIEF ACCOUNTANT

**SOUTH LONDON** **£20,000 + CAR**  
Part of BET PLC, our client handles the distribution and marketing of 150 magazines for approximately 70 publishing companies.

The Company is undergoing considerable expansion which has resulted in the need to strengthen its management team through this new appointment.

Reporting to the Finance Director, responsibilities will include the provision of monthly information packages, the preparation of business plans, the production of statutory reports together with the management and direction of an enthusiastic team.

Candidates will need to demonstrate a mature, confident outlook, good interpersonal skills, a creative approach and the capacity to meet very tight deadlines.

## Business Systems Accountant

Retail Services  
c. £23,000, Car  
North West



EXECUTIVE SEARCH AND SELECTION

The rapid expansion of this Retail Services Group has necessitated the strengthening of management with this new appointment which reports directly to the Finance Director. The company has doubled in size this year and there are now over 1,000 employees at some 150 branches throughout the North and the Midlands.

Responsibility is for the implementation of operational and financial management systems throughout the company. It requires a qualified accountant aged 25-35 with a good management accounting pedigree gained in a sophisticated systems environment. This is a real career opportunity for the person who combines technical skills with the ability to communicate and sell his 'product'. The position demands a practical, intelligent achiever who is self motivated and excited at the prospect of assisting in what might be considered a green field situation.

Male or Female candidates should send a comprehensive C.V. or telephone for an application form to G. Sable, Howgate & Partners, Barnett House, 53 Fountain Street, Manchester M2 2AN. Telephone: 061-228 6919 quoting reference (FT, 14).

## A MOVE WHERE IT COUNTS

## Partnership

Our client is a leading medium sized firm of Chartered Accountants, with a National network comprising 8 offices and 42 partners, and a strong International Association. Recent expansion has created openings for four prospective partners in London - in audit, tax and consultancy. Experience of servicing clients in the financial, property or service industries is desirable.

Applications are invited from ambitious ACA's able to demonstrate professional achievement, strong personal qualities and a high level of commercial awareness.

If you are interested in finding out more about these opportunities, please call Mervyn Dinnen on 01-638 1711 (Evenings 01-954 4023), or write, enclosing full CV, to him at 46 Moorgate, London EC2R 6EL.

**MERVYN DINNEN ASSOCIATES**

FINANCIAL CAREER AND RECRUITMENT CONSULTANCY



## GENERAL/FINANCE MANAGER

Isle of Man

c.£30,000 + car + profit share

The Target Group plc has emerged in recent years as one of Britain's leading investment managers. Success has flowed largely from our innovative approach, particularly to unit-linked investment and pension plans.

Our success is being extended offshore through our International Division, which is establishing its financial and administrative base in the Isle of Man, creating this exciting career challenge for an ambitious accountant.

We have laid solid foundations and, as General Manager, you will be responsible for managing and developing the business. Key tasks will be the recruitment, motivation and day-to-day management of a compact but highly effective team engaged in equity dealing, investment accounting, share registration and corporate administration of offshore private-managed funds.

Links with the mainland will remain strong and you will, as the Divisional Finance

Manager, co-ordinate the flow of information from the UK and abroad.

A qualified ACA/ACCA, probably aged 30-35, you must have gained man-management experience, ideally in the financial services market, and be able to demonstrate strong 'people' skills. Prove yourself a successful manager here and a senior divisional mainland appointment could be yours for the asking in the medium term.

Excellent value quality housing, good schools and low taxation commend the Isle of Man particularly to the younger family. Relocation expenses will form part of a package which includes a negotiable salary, quality car, profit share, medical insurance and share options.

Please send your full cv, in confidence, to:  
Clive Roberts, Group Personnel  
Development Manager, Target Group,  
Target House, Gathes Road,  
Aylesbury, Bucks HP19 3EP.



**TARGET INTERNATIONAL**

## Finance Director

Direct Marketing Agency, Gloucestershire

£30,000 plus. Quality car.  
Substantial benefits.

I am looking for a very special kind of person: a Chartered Accountant who can both manage the detail of the business and help steer its course.

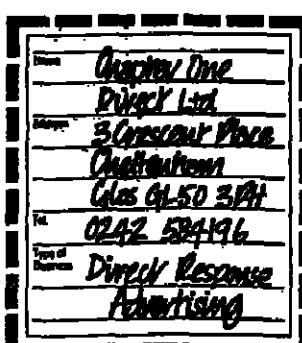
In a little over six years, this company has grown to become one of today's most highly-respected independent direct marketing agencies. Billings approach £7 million p.a., profit levels are above average and the future is very promising. Now, as a part of our planned growth programme, we want to invest in a first-class Finance Director, someone who can play a vital role in the management of the business as we head towards our goal of doubling in the next three years, with the real prospect of going public.

The job presents many challenges. Day to day management of the company's financial affairs, with special emphasis on cash and margin control, management accounting, budgetary control and forward planning. But equally important will be the ability to drive us forward with new ideas and business development skills as we look at organic and acquisitional growth.

The systems of control are largely in place, the staff are well managed and highly motivated and the management team is committed to providing a stimulating and challenging environment in which to work.

For a well-qualified individual with a strong marketing-orientated background and attitude of mind, it's a tremendous opportunity.

Personal skills must include leadership, communication, drive, a sense of humour and a commitment to success and quality. If you feel this is you, then write to me: David Strickland-Eales, at:



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## Finance director

County Durham c£32,000 + car



For an entrepreneurially managed company with a reputation for technical excellence, product reliability and customer service. Turnover next year will be around £7 million. The Company, a part of a highly respected Group which is in an active acquisitions phase, is looking for someone who can grow fast with it.

Working closely with the Managing Director, your role will be wide-ranging, with the emphasis on business planning, performance monitoring and the maintenance of sound financial controls. Immediate tasks are to manage the implementation of integrated computer-based systems, identify areas with scope for improving business performance and enhance the Company's costing system.

A qualified accountant, you will have substantial experience at controller level in a manufacturing company. As a personality, you will have the drive and ambition to meet the challenge and the strength to stand your ground while maintaining good working relationships.

The salary package, which includes a performance-related element, is highly attractive. Prospects are excellent.

Résumés, including a daytime telephone number, to Tony Potter Ref: 166TP.

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Albion Court 5 Albion Place  
Leeds LS1 6JP.

## Group Chief Accountant

West London Package c£25,000 + car + share options

Our client is a newly formed group of three companies with operating units in Berkshire, West London and South Hertfordshire. This holding and management company was established earlier in the year with the specific intention of acquiring a number of small/medium sized industrial companies and to take the group through to the 3rd market early in 1988.

They wish to appoint an ambitious self-motivated ACA to work closely with the Group Financial Director in the following areas:

- assistance in the preparation of the group for flotation
- to set up and implement a group reporting system
- oversee the subsidiary company accounting functions
- undertake ad-hoc assignments relating to future acquisitions
- act as financial/commercial consultant to subsidiary company management

The post offers an excellent opportunity to join the group during an exciting expansionary phase with first class prospects. Candidates industrially experienced or direct from public practice will be considered. Salary is negotiable but includes a fully expensed car and an attractive stock option scheme.

For further details contact ASA International on 01-353 1244 or write enclosing a full CV to:  
ASA International, Ludgate House, 107-111 Fleet Street, London EC4A 3AB.

**ASA International**





# Hoggett Bowers

Executive Search and Selection Consultants

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A MEMBER OF BLUE ARROW PLC

## Finance Director

Northamptonshire, c £40,000 Share Option, Car

This company has grown rapidly since a management buyout three years ago; it is a major supplier of a highly successful range of components to manufacturing industry throughout Europe, is very profitable and has a turnover of around £12m. The planned rate of growth is substantial, both organically and by acquisition. The Financial Director will be a vital member of the senior management team, developing policy and strategy from the financial viewpoint and maintaining close links with financial institutions. Controlling the accounts function, although important, comes some way down the list of priorities. We are looking for a top level Chartered Accountant, comfortable in a fast moving environment, with a good business brain and preferably with experience of acquisitions and flotations. Like the rest of the directors you should enjoy life and create an enthusiastic atmosphere, while achieving results! Terms of employment are excellent and include a highly attractive share option scheme.

C.W. Theaker, Hoggett Bowers plc, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1JD, 021-453 7575. Ref: B1203/FT.

## Corporate Controller

For Two US Divisions of Siebe plc

Windsor Based, c £27,500, Car, Benefits

This position offers an opportunity to join the small, close-knit team at the centre of one of Britain's most ambitious and progressive industrial groups. Siebe's international expansion has been spectacular in the last few years and more than half of the £100m million plus turnover now comes from overseas operations. The person appointed to this new post will be responsible for assisting in the control of two recent US acquisitions, with combined sales in excess of \$750m. The role involves ensuring that group reporting requirements are met; analysing and interpreting results; recommending action to optimise performance; monitoring the implementation of agreed business plans. Success will depend upon building a close, positive relationship with the management teams in operating companies and providing an effective link between them and corporate headquarters. Candidates, probably in their late 20's - mid 30's, must be qualified accountants with senior level experience of financial analysis and business control in a substantial group. A thorough understanding of manufacturing industry is essential and an appreciation of American accounting practices would be useful. Frequent travel to the USA will be required. Career prospects are excellent.

S.F. Spindler, Hoggett Bowers plc, George V Place, 4 Thames Avenue, WINDSOR, SL4 1QR, 0753-850851. Ref: W1101/FT.

## Financial Controller

Biscuits

West Yorkshire, c £22,000, Car, Benefits

This well known company, with a turnover approaching £20m per annum, is part of a major UK Foods Group and has an excellent reputation based on product quality, profit performance and high growth. Expansion has led to this opportunity for a talented, ambitious individual, to lead a professional and committed team involved in the process interpretation and management of financial data and information vital to the company's performance. Reporting to the Divisional Financial Director, you will be aged late 20's to early 30's, a qualified accountant with a high level of technical skills including expertise in modern accounting systems, ideally within a fast moving, volume, manufacturing type environment. In addition to proven management ability the position calls for excellent communication skills and a high level of self confidence necessary in operating successfully at this senior level. There are real prospects for career advancement.

J.A. Thomas, Hoggett Bowers plc, 7 Lisbon Square, LEEDS, LS1 4LZ, 0532-448661. Ref: L13048/FT.

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

## AMBITIOUS YOUNG ACCOUNTANTS

### £ Excellent + car + benefits.

The World's No.1 Building Society wishes to recruit four young accountants to join an expanding team at its Head Office in Halifax.

#### FINANCIAL PLANNING ACCOUNTANT

Your responsibilities will include forecasting the financial results of plans and policies and analysing the options available. You must have expertise in the use of personal computers and experience of business operations preferably in the financial services industry.

#### MANAGEMENT ACCOUNTANT

You will assist in the development and maintenance of the management accounting functions with particular regard to product and branch costing. You will also assist in the preparation of statutory and periodic accounts.

#### MANAGEMENT ACCOUNTANT - DEVELOPMENT

You will be mainly involved in the development of new systems and financial evaluation of new products and services. Your responsibilities will also include research into and reporting on any aspect of the Society's financial performance.

#### TAXATION ACCOUNTANT

You will be expected to master a wide range of financial projects with particular emphasis on their taxation implications, and will become closely involved with the Society's and its Subsidiaries' taxation affairs. You should be able to combine good taxation experience with the initiative and ability to deal with a broad variety of technical problems.

The Halifax is expanding and diversifying and each of the above positions offers an opportunity to participate in an exciting stage of the Society's development. Candidates should be qualified accountants, ideally in their late 20's, with relevant post qualification experience. Good communication skills are essential.

The attractive package includes provision of a car, concessionary mortgage facilities, contributory pension scheme, life assurance and BUPA.

To apply please send full CV Ref ACC to:

General Manager, Personnel and Services, Halifax Building Society, Trinity Road, Halifax, HX1 2RG.



An Equal Opportunities Employer

## INA RE - MAIDSTONE (A CIGNA COMPANY)

### CHIEF ACCOUNTANT

INA Reinsurance Co (UK) Limited is the U.K. Reinsurance operation of the CIGNA Corporation which is based in Philadelphia. The new position of Chief Accountant has arisen through the sustained growth and expansion of the company.

Reporting to the Company Secretary/Controller, the successful applicant will have responsibility for the U.K. Financial and Management accounting functions, including the preparation of monthly reports for U.S. and local management.

Applicants must be either Chartered or Certified Accountants within the age range 25-32. Experience within Reinsurance or Insurance Accounting is essential.

The position will be of particular interest to an ambitious individual who wants a challenging role at a senior level.

We offer an excellent salary and a benefits package which includes company car, immediate entry to our non-contributory pension plan, mortgage subsidy and private medical scheme.

Interested applicants please contact the Human Resources Department either in writing or by telephone:

Gailie Toms,  
CIGNA Services U.K. Limited,  
8 Lime Street,  
London EC3M 7NA.  
Tel: 01-626 8744.

CIGNA

This company is a strongly managed subsidiary of a powerful banking and financial services group which has developed a very successful range of financial products and the support services to sustain a high rate of growth. Important new developments in the business have created vacancies for 2 ambitious and highly motivated accountants.

£30,000 + Car & Mortgage Subsidy - South Herts

## Finance Manager

A Finance Manager is required to join the management team of a large sector of the business which is on the brink of a major new initiative. The responsibilities include managing and delivering the full range of financial and management accounting services associated with an autonomous business through a department of 15. Of paramount importance is the ability to manage change in a fast moving environment and to be an interactive member of the management team, providing the top management team with a high standard of financial management information, analysis and advice. Previous experience of a large scale well managed Group is required. Ref: L338FT

Both positions will provide challenging experience and the Group is large enough to provide extended career opportunities.

Please apply in confidence quoting relevant reference to:

## Project Accounting Manager

The Project Accounting Manager's terms of reference, which extend to the whole business, include close liaison with all operating departments. Key projects will include the review of new products and business sector developments, major new developments in financing and balance sheet management, systems review and implementation and internal control development. The role requires a self starter with the ability to quickly assess situations and provide relevant analysis or solutions. A background in consultancy whilst not essential would be particularly appropriate, with well developed skills in communicating and report writing. Ref: L340FT

Brian H. Mason  
Mason & Nurse Associates  
1 Lancaster Place, Strand  
London WC2E 7EB  
Tel: 01 240 7805

Mason & Nurse  
Selection & Search

## FINANCIAL DIRECTOR (DESIGNATE)

### PROPERTY

SW1

c£35,000 + full benefits

Due to substantial organic growth and planned expansion our client has an immediate requirement for a positive, dynamic individual to take control of their finance function. Net assets of this highly respected company have increased tenfold over the last 12 months and continue to grow. Reporting to a young and highly motivated Managing Director, the successful candidate will have the opportunity to assume responsibility as Finance Director.

In addition to financial control and treasury management, further duties will include liaison with external advisors (merchant bankers, legal etc.) and preparation of capital forecasts for strategic planning purposes.

Aged between 28 and 35 you should possess a suitable accounting or finance qualification and have experience within a sales & marketing led organisation. Working as part of a small and professional team it is also essential to have excellent interpersonal skills as well as a confident manner.

In addition to negotiable base salary, the remuneration package includes, executive car, share options, and health care. For further information please contact James Hyde on 01-925 0509 or write enclosing brief details to the address below.

ROBERT • WALTERS • ASSOCIATES

EXECUTIVE SELECTION  
10 Charles II Street London SW1Y 4AA Telephone: 01-925 0453

## CONTROLLER

Currently establishing a UK distribution network, this major US wine company offers a commercially aware, qualified Accountant a business orientated number-one position.

Together with the Sales Manager, you will be directly responsible for developing and ensuring the continued expansion of the business. The attainment of this goal will depend upon the successful handling of day to day administration matters, the timely submission of accurate reports to the Californian Head Office and the implementation and enhancement of systems.

Candidates for this challenging role should be assertive and self-motivated in character. They should also possess excellent communication skills as there will be extensive liaison with senior operational management both in the US and the UK.

Previous distribution knowledge would be advantageous as would a significant knowledge of computerised systems.

Please apply directly to Jane Heading at Robert Half, Mountbatten House, Victoria Street, Windsor, Berkshire, SL4 1HE. Telephone: 0753 857181, evenings 01-546 5657

Financial Recruitment Specialists  
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## Director of Finance

Gloucestershire

c£30K + Car

Our client, a privately owned publisher of market-leading entertainment software, has an enviable record of consistent growth and profitability. They now require to appoint an entrepreneurial Director of Finance for the rapidly expanding European division.

Reporting to the UK Managing Director and acting as his deputy in all matters, the appointee will provide Financial and Administrative expertise for both current and new business ventures.

Candidates will be qualified accountants aged 30 to 45 with a wide experience of all aspects of accounting and financial control, preferably gained in a high-tech rapid growth environment. Experience of acquisitions, joint ventures, financing arrangements and international tax will be particularly helpful.

Please send CV quoting ref 13/40 to:

AGB Executive

173 SLOANE STREET  
LONDON SW1X 9QG

## Financial Controller

To £30,000

+ non-contributory pension

Central London

Our client is The Wellcome Trust, internationally known for its funding of research into human and veterinary medicine and the history of medicine.

It intends to support its scientific objectives with up-to-the-minute business and financial administration that reflects its responsibility for safeguarding substantial assets and investments.

This calls for the appointment of a professionally qualified Financial Controller whose main roles are to monitor the investment performance of external fund managers and to manage the finance and accounting function.

The job requires significant experience in both areas as well as a mature, sensitive and assured approach in keeping with the style of this prestigious organisation.

Applicants from the London commuting area should write quoting reference 1493A with a daytime telephone number and a current CV including present salary to:

BinderHamlyn

MANAGEMENT CONSULTANTS

Traverse Austin, Executive Selection Division  
BinderHamlyn Management Consultants  
8 St Bride Street, London EC4A 4DA

#### OPERATIONAL AUDITOR

Up to £23,000 + CAR

As a result of internal promotion, our client, a highly regarded London based public company, seeks a young qualified graduate accountant. Work involves planning and performance audits, as well as exposure to systems and operational reviews and ad hoc assignments.

An attractive remuneration package includes a company car and flexi management career with 1/2 years.

Ref: PAM/285

#### CHIEF ACCOUNTANT

£20,000 + CAR

Our client is a successful PLC primarily concerned in consumer products manufacture/retail outlets seeks a young qualified accountant. The successful applicant will be responsible for the group monthly management accounts, annual budgets, re-quotation reports and systems developments. An attractive remuneration package + car + bonus.

Ref: VB/212

For further details please write quoting reference to:  
ACCOUNTANCY ASSOCIATES LIMITED  
Temp/per recruitment consultants  
3 VIGO STREET LONDON W1X 1AH TEL: 01-439 3387/8/9



## FINANCIAL CONTROLLER

London, SW c£30,000 + executive car

Our client, Smedvig Group, is a successful privately owned Norwegian company with principal activities in contract drilling and shipping. Its ambition to establish an international presence has prompted it to form a new London based subsidiary, Smedvig Ltd.

A Financial Controller is required to join a small, senior management team working closely with the Chief Executive. The Financial Controller will have responsibility for all the company's financial affairs, including developing appropriate systems and controls, company secretarial functions, general tax work and establishing relationships with banks and other external advisers. By ensuring accurate management information is available the appointee will also play a key role in the day to day running of the company.

day running of the company.

Candidates must be qualified accountants, young, enthusiastic and keen to assume a broad ranging financial role. Previous experience of having worked in a small but growing company would be advantageous. The role requires someone who has drive and commitment and who will be happy to employ a shirt sleeves approach. A practical and confident personality is essential, as is the ability to work effectively as part of a small team.

This appointment represents an opportunity to make a very real contribution to the growth of the company.

Please write in confidence, quoting reference S1031 to Anne Routledge.



**Peat Marwick McLintock**

Executive Selection and Search  
9 Creed Lane, London EC4V 5BR.

## FINANCIAL DIRECTOR DESIGNATE

Merseyside

c£25,000 package + car

Our client is a fast-moving and profitable wholesale business at an exciting stage in its development. It sells a fashionable domestic consumer product into the independent retail marketplace, geographically spread from the Midlands to Scotland. It relies on an ultra-efficient order to distribution service, and has grown quickly to a £7m T/O.

To enable it to substantially increase its market share, it has decided to strengthen its small executive team by recruiting a senior and experienced Chartered Accountant.

Although many of the systems are computerised and management information is provided currently by a small accounts staff headed by a young Company Accountant, your initial brief will be to review in depth the existing procedures and to introduce new systems where necessary. Your objective will be to introduce strict financial controls, generate management and financial reports to recognised deadlines and, most importantly, to interpret this information for the Managing Director. It will be essential for you to provide a full range of financial advice with particular emphasis on stock, cash and profit analysis.

To achieve these objectives and contribute to the company's growth, you will need to be commercially astute, have a strong personality and command excellent communication skills. You should be in your 30's or early 40's, with a sound track record to date and ideally will have worked at some stage in your career in a wholesale/retail/distribution environment.

You will be mature in your personal style, but still highly motivated to interface well with the energetic and entrepreneurial style of the existing directors.

The company is based near the Liverpool/Cheshire border.

Please contact Lawrence Barnett at our Manchester office, or Melinda Hughes at our Liverpool office quoting ref. no L/440.



Trident House, 31-33 Dale Street,  
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Since our City backed formation in February this year, Alderwick Peachell & Partners has grown from scratch into a team of over 30 staff. Already acknowledged as a market leader in the Accountancy & Financial recruitment field, we have established one of the strongest client bases in London & the Home Counties. We anticipate the opening of new offices during 1988/89, thus creating exceptional promotion prospects.

Due to our rapid growth, we now seek team orientated, experienced consultants to work within our department specialising in Qualified Accountants in the Commercial & Industrial sector.

You will receive ongoing internal and external training in all aspects of recruitment including interview technique and client presentation skills. Ideally a graduate, aged 24-30, you will already have at least 12 months' experience in accountancy recruitment. However, experience in other market sectors will be given serious consideration.

The substantial basic salary is complemented by both individual and team related bonus schemes.

Please apply by telephone or in writing to MARTIN LOUGHNEY on 01-404 3155 at ALDERWICK PEACHELL & PARTNERS LIMITED, 125 High Holborn, London WC1V 6QA. All applications will be dealt with in strictest confidence.

**Alderwick  
& Peachell  
PARTNERS LTD**

## AUDIT MANAGER TELEVISION LICENSING ORGANISATION BRISTOL

UP TO £19015

The Television Licensing Organisation is part of the Post Office which undertakes TV Licensing work on an agency basis for the Home Office.

The Audit Manager will be responsible for leading a small team of auditors in the development and operation of an internal audit service for the TV Licensing Organisation. This will involve carrying out audits of all financial and procedural activities undertaken at the National Television Licence Records Office in Bristol and in 37 Enquiry Offices throughout the United Kingdom.

This is a new post which offers the opportunity to apply modern auditing techniques across a wide range of activities in a rapidly changing environment.

The successful candidate, who is likely to possess a professional accountancy qualification, will have a direct reporting line to the General Manager TVL. The Audit Manager post will be located at the National TV Licence Records Office Bristol but a significant amount of travelling and absence from home will be necessary.

Candidates should be - experienced in the setting-up and development of an internal audit function - able to design audit tests and procedures - able to train and develop audit staff

- experienced in the use of business computer systems - able to communicate effectively with all levels of management.

Starting pay will be within the range quoted, depending on personal experience and qualification held. Excellent leave allowance, contributory Pension Scheme (6% of salary) and relocation assistance where appropriate.

If you feel you meet our requirements write for an application form or send your CV to Mr Peter Abbit, Personnel Manager, National Television Licence Records Office, (NTVRO), Barton House, Bristol, BS98 1PL.

The Post Office is an equal opportunity employer.  
Closing date for applications - 11 December 1987.

The Post Office

## INTERNAL AUDIT MERCHANT BANKING

Standard Chartered Merchant Bank is seeking an auditor to join its Internal Inspection/Compliance team.

The role will provide a broad exposure to the Bank's diverse activities and should prove a challenging environment for an articulate young accountant or banker with a talent for problem-solving.

The successful candidate will be involved in reviews of controls and systems as well as special projects with the emphasis on recommending improvements to operational procedures. He or she will be expected to have the motivation to develop appropriate skills for the new regulatory environment. The confidence, initiative and personal credibility to sustain the co-operation, of senior management will also be essential.

Applicants should have a good academic record with experience of the financial services sector preferably in banking. An attractive remuneration package is offered which will reflect the individual's ability to make an immediate contribution.

Those interested should apply in writing, and in confidence, to:-

**Standard Chartered**

Peter Llewellyn  
Personnel Manager  
Standard Chartered Merchant Bank Limited,  
33-36 Gracechurch Street,  
London EC3V 0AX.



**WICKES plc**

**RECENTLY QUALIFIED  
for rapidly growing retail group**

## UK AUDIT SUPERVISOR

Salary circa £21,000 plus car

Reporting to the European Audit Manager and responsible for reviewing and evaluating operating systems and procedures of subsidiary companies in the UK with the objective of strengthening management controls and identifying additional profit opportunities.

These positions provide an opportunity to develop a career within the group and will be ideal as a first move from the profession and will build on existing technical and personal skills in a dynamic and fast moving environment.

Wickes plc, one of Europe's largest home improvement retailers operates 66 retail warehouses in the UK, Holland and Belgium.

Please apply to Anita Ricketts, Wickes plc, 19/21 Mortimer Street, London W1M 7RL.

## GROUP FINANCIAL ACCOUNTANT

Salary circa £20,000 plus benefits

Reporting to the Group Financial Controller the financial accountant will join a small team responsible for all aspects of group financial reporting and control, including exposure to treasury and property portfolio management.

## PLANNING AND ANALYSIS MANAGER

£30,000 + BONUS + CAR

National Investment Group is one of the leading stockbrokers and investment services companies in the UK with 23 offices. It has maintained its strong position throughout current market conditions. Backed by three leading financial institutions its success is founded on innovation in servicing client needs. The company is continuing a programme of acquisition and diversification. This is a ground floor opportunity offering excellent prospects in the future.

Reporting to the Finance Director at Head Office, you will help to initiate and implement corporate planning which will include evaluating a range of alternative business strategies such as acquisitions. The company's growth will also involve you in exciting projects related to the company's operating units.

The person appointed will be a high calibre graduate accountant aged around 30. You should have excellent analytical abilities, commercial judgement and the interpersonal skills to deal with external advisors. Ideally you should have worked in a conglomerate with a track record of recent growth and have experience of investigations, planning and evaluating operating unit performance.

Please reply in confidence giving concise career, personal and salary details to Heather Male, quoting Ref L279, at Slade Egor International, Metro House, 58 St. James's Street, London SW1A 1LD. Tel: 01-629 8077.

International Search and Selection

**SLADE EGOR INTERNATIONAL**

## Divisional Controller

W Yorkshire

c£25,000 + Profit Sharing + Car

Our client is a £60 million division of a UK quoted plc, engaged in the manufacture and merchandising of high quality products in the UK and Overseas.

Due to internal reorganisation, they seek to recruit a Divisional Controller who, reporting to the Divisional Managing Director, will have full responsibility for all aspects of the management accounting function. The successful applicant will be a member of the division's Board of Management and will be expected to contribute to the division's future success by measuring performance and providing analytical and commercial input to complement the highly motivated management team.

Candidates should be qualified accountants

(CIMA, CACA, ACA) aged 30+, who can demonstrate a track record of achievement preferably gained within a sophisticated process manufacturing environment. Individuals will be able to demonstrate a high degree of commercial awareness in addition to the ability to thrive in a role requiring a direct hands-on approach combined with the ability to influence the overall direction of the business.

Interested applicants should write to Paul Kinsey quoting ref L8399 at Michael Page Partnership, Leigh House, 28-32 St Paul's Street, Leeds, LS1 2PX (Tel: 0532 450212). Relocation assistance is available where appropriate.



**Michael Page Partnership**

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide  
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## SENIOR BUSINESS ANALYST

Acquisitions - Strategic Planning

Package c£23,000 - 27,000 + executive car

Age 25 - 27

A unique opportunity exists for a young high calibre Accountant to play an important part in the strategic planning of a growing and profitable UK Plc.

Our client, operating in a service sector of I.M.C.G. throughout Europe, has over the last few years achieved excellent results and is now seeking to build on that success by acquisition and organic growth. The successful candidate will have high profile experience either within the Profession or within a progressive commercial environment.

Within the Strategic Planning department, the Business Analyst will identify and appraise the financial and commercial benefits of business opportunities.

High level analytical skills, the ability to work quickly and efficiently under time pressure yet demonstrate mature commercial judgement and accurate essential qualities.

Initiative, good communication skills and a high level of technical understanding of business finance will be necessary in order to support projects through to successful implementation and subsequent integration.

The position, based in Berkshire, is easily accessible to Central or West London. Some European travel is anticipated. The company has an excellent record for management development and this role will provide considerable scope for a variety of career opportunities.

The company offers a generous salary and bonus plus executive car (as above). In addition, other attractive benefits include executive share option scheme after a qualifying period, private health and non-contributory pension.

Interested? Please call Karen Wilson BA, ACMA on (01) 499 6911 (or 08956 33429 in the evening), or write to her enclosing your CV and note of current salary to: Financial Management Selection, 21 Cook Street, London W1X 1BB.

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## Corporate Treasury

— Unique opportunity with a major PLC

Central London

to £22,000

Our client is a major international PLC with annual turnover in excess of £2 billion. They are currently seeking an Analyst to join their Group Treasury Department and undertake a role with wide ranging responsibilities.

The principal duties will encompass risk management, foreign exchange dealing, cash management, formulation and monitoring of policies and procedures and involvement in special projects as and when required.

Candidates will be in their twenties with a good first degree and are likely to have an MBA or professional qualification in finance or law. Depending on background and qualifications, they should be prepared to study for entrance to the Association of Corporate Treasurers.

The position will appeal to candidates who are currently in a treasury role or are seeking to develop their careers in finance and would be attracted to the opportunity of doing so in the treasury department of a large company. Applications are also invited from recently qualified solicitors who are currently working in the Company/Commercial Department of a large professional firm.

Career prospects within this large group are excellent. Interested candidates should write to John Cockerill FCA, Executive Division, enclosing a comprehensive CV and daytime telephone number quoting reference 471 at 39-41 Parker Street, London WC2B 5LH.



**Michael Page Partnership**

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London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide  
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## Finance Director

... Strategic decisions in entertainment

West End

c£40,000 + Substantial Benefits

Our client is the Manufacturing and Distribution Division of one of the world's dominant entertainment groups supplying domestic markets throughout Europe. The Division's manufacturing activities are at the forefront of modern technology; and with operating units spread across the UK and Europe, Divisional turnover exceeds £140M.

A Finance Director is sought to join a small management team in order to provide the financial strategy and control necessary to maximise the effectiveness of the whole Division. This role is very much one of management and co-ordination, which also encompasses investment appraisal, planning and organisation.

Applications are invited from qualified accountants probably aged 30-40 with experience of international financial control ideally within an FMCG environment. A high degree of financial and strategic awareness is demanded, as are strong communication skills and an ability to effect change. Experience of co-ordinating and improving computer systems is also essential.

If you feel you possess the qualities to meet the challenge provided by this opportunity, please write to Barry Ollier BA, ACA, Executive Division, enclosing a comprehensive curriculum vitae at 39-41 Parker Street, London WC2B 5LH, quoting ref: 472.



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And all the time you'll be broadening your perspective and widening your career potential. Consider a salary in the range of £22,000 to £40,000 (plus car), and the fact that the average age of our partners is 38.

Make sure you'll be in demand by telephoning Paul Frampton on (01) 248 3913 anytime during normal office hours. Or write to Alison Hawley with full personal and career details (including daytime telephone number), quoting reference 3089/ET on both envelope and letter.



**Deloitte  
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Management Consultancy with

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## ASSISTANT ACCOUNTANT

As a specialist subsidiary of Lombard North Central, one of the leading finance houses in Great Britain with a national network of offices, Austin Rover Finance wishes to recruit an Assistant Accountant to be based at its Head Office in Shirley.

The successful candidate will be a recently qualified Chartered Accountant who wishes to gain experience in a commercial environment. Experience in the development of Computer Systems would be an advantage.

This vacancy arises due to the rapid and continuing growth of the Company and further advancement for the right people is assured.

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For an application form please write to:

Ann Pallett FHD, AIB,  
Austin Rover Finance Ltd  
100 Stratford Road  
Shirley  
Salford  
West Midlands B39 3PH

**AUSTIN ROVER**

Austin Rover Finance Ltd

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Connaught

## ARE YOU READY TO MOVE

# Chief Accountant

N. LONDON

A major service organisation with a highly visible nationwide network of operation, having reached a particularly interesting stage in its development, has identified the need for a qualified accountant (aged up to 50 years) to join its management team.

The role represents a positive step forward for an accountant with sound commercial experience, ideally gained within a fast-moving service environment. Optimising financial control on a day-to-day basis, you should be fully conversant with statutory requirements, treasury and computerised systems, and have proven management ability.

The position offers substantial challenge now and planned expansion will ensure continued interest in the longer term. A broad commercial overview consistent with the 'making of a business' is essential for success. Benefits are attractive and appropriate relocation expenses will be met.

Please write with full CV and daytime telephone number to Patrick Donnelly, quoting reference FT/014, PD Consultants, Management - Selection, 514/516 Vauxhall Bridge Road, London SW1V 1AA.

## MANAGING CONSULTANT

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OUR CLIENT is a major national accounting firm whose management consultancy practice continues to expand rapidly in a number of specialist areas.

THE ROLE is to operate at a senior level to enhance the performance of the consultancy practice as a whole. This will include a full involvement in the management and direction of the practice together with responsibility for a portfolio of consultancy assignments and the generation of new business.

THE REQUIREMENT is for a rounded professional whose career to date is likely to include experience in industry or commerce and at least two years' management consultancy. The nature of the practice is such that both an accountancy qualification and a working knowledge of information technology are essential, as are first class communication skills.

THE REMUNERATION PACKAGE will reflect the importance attaching to this appointment. Partner/Director status is envisaged in the short to medium term.

Please reply in complete confidence enclosing a CV and quoting reference No. 168A to the Managing Director

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## RETAIL GROUP FINANCIAL CONTROLLER

Merseyside  
Aged up to 30

c£25,000 + car  
+ pension + share option

Our client, Miller & Santhouse plc has been one of the stars of the USM since its debut in October 1986. Since then, it has grown from 22 shops to over 50 to date with many more in the pipeline. It exceeded its financial targets to June '87 with turnover at £5.8m, and expects this to more than double during the current financial year. A recent rights issue successfully raised £5m to fund the on-going nationwide expansion programme.

The group has a very distinctive corporate identity and employs over 400 staff in its chain of optometric opticians. To meet the ever increasing demands, the Board have identified the need for a Group Financial Controller who will be a young high-flier, aged up to 30 who is extremely ambitious.

The brief will be to take responsibility for the total accounting and computer functions which are headed up by respective managers, controlling a total of 20 staff. Initially, you will be expected to computerise the remaining manual systems, ensuring that strict financial controls are adhered to and deadlines are met, and interpret all management and financial information. You will also liaise closely with the Financial Director on new commercial projects and feasibility studies and, as part of the senior management team, you will be expected to contribute to the effective running of the main subsidiary company, to whose Board you will be appointed in early course.

To achieve success in this role, you are likely to be a graduate CA with first class academic and technical background. You will be highly motivated, have excellent communication skills, and be commercially orientated, with a good personal presence.

It is intended that the position will lead to a main Board appointment.

The Group is based on Merseyside. Relocation will be paid where necessary.

Please contact Melinda Hughes at our Liverpool office, quoting ref no L/435.



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## FINANCIAL CONTROLLER (entrepreneurial property company)

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This is a new appointment which has arisen from the need to monitor and control the expansion and from the demand for improved profitability and efficiency. The initial priority is to implement a computerised accounting and management information system. In addition, the successful candidate will be required to

provide detailed reporting for management purposes and assistance with project analysis, control and financing. Candidates will be qualified accountants with a successful track record in the smaller company environment. In addition to sound technical accounting skills, you will need commercial flair, enthusiasm and the ability to work closely with senior management and staff. Age: mid 20's to late 30's. To apply please write enclosing personal, career and salary information to:

Valerie McKelvey, Executive Selection Division,  
Hacker Young Management Consultants,  
St Albans House, 2 Fore Street,  
London EC2Y 5DH.

**Hacker Young**  
MANAGEMENT CONSULTANTS

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London W9 7UB.

## CORPORATE DEVELOPMENT

### Project Control

c£40,000 package

Our client is a major UK publicly quoted group with substantial interests in the retail sector. A dominant force in its market-place this highly regarded group has an impressive record of sustained growth and is forecasting continuing expansion in the UK and internationally.

Based West of London, the Controller will provide financial and commercial advice to senior management and be expected to control and manage significant projects, which may be corporate or operational. Projects will include pre and post acquisition work involving the strategic review of companies and the managing of assimilation exercises requiring major capital and revenue expenditure. The impact of the role will be considerable and the continuing rapid growth of the company will provide excellent opportunities for progression.

Aged 30-35, applicants should be graduate accountants of considerable ability. Previous experience of a similar role is not a prerequisite but self confidence, analytical ability and excellent presentation skills are.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/664/SF.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

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## Area Finance Manager

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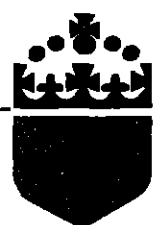
One of the world's largest international insurance companies, Royal Insurance is a major market force providing a vital worldwide service to industry, commerce and the public. To maintain our undisputed position in an increasingly challenging marketplace, we are placing an ever increasing emphasis on our twelve area offices located throughout the UK.

In keeping with this commitment, we have identified a need for exceptional, forward-thinking accountants to join our senior management teams, initially in four offices, as Area Finance Managers. Working either in Glasgow, Manchester, Leicester or Watford, your remit will be to develop all aspects of financial planning and control for an office with a turnover of some £30-90 million and employing around 400 people. Whilst some of your time will be spent overseeing the day-to-day duties of a 40 strong branch accounting function, your main responsibilities will be for operational and strategic planning and financial analysis.

We are looking for talented qualified accountants with several years experience... keen to make a real personal input to the running of the business, and with the presence and commercial awareness to contribute significantly at a senior level. Your financial expertise must be allied to an innovative approach to problem solving, and you should be at ease operating with a high level of autonomy.

In return for your expertise and commitment, we offer a salary for discussion as indicated and a substantial range of benefits including mortgage subsidy, non-contributory pension and life assurance scheme, and generous relocation assistance where appropriate. Please write, enclosing full CV and indicating which location or locations interest you, to: Mr M.B. Hodgson, Resources Manager, UK Personnel, Royal Insurance (UK) Ltd, PO Box 144, New Hall Place, Liverpool L69 3EN.

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Prudential-Bache is a leading investment services company that is part of the \$134 billion Prudential Insurance Company of America, the largest private non-bank financial institution in the world. As part of their continuing expansion they now require high calibre individuals to strengthen their London based international audit function.

For individuals with audit experience in securities investment banking or other financial areas the position offers outstanding opportunities to gain broader exposure across the range of global financial services before developing careers in other management areas of the organisation in the UK or overseas.

Candidates will have first class experience gained within a major accountancy firm or a leading financial institution, and may now feel that their present organisation cannot match their potential. Such constraints do not exist within this rapidly expanding and demanding environment.

We have been retained to select a high quality short-list of applicants and interested candidates should contact Suzie Mannin on 01-248 3653 (0932-220151 evenings/weekends) or write, enclosing a detailed curriculum vitae. All applications will be treated in the strictest confidence.

**BBM**

60, Cheapside, London EC2V 6AX

Telephone: 01-248 3653

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In your mid 20's, you should have the skills and knowledge to establish and implement financial and management

information systems, geared to supporting their business objectives today and in the future.

The company has ambitious development plans, so you will enjoy a high profile and a great deal of scope for rapid career progression. Salary will not be a limiting factor, whilst a comprehensive benefits package is offered, including relocation assistance where appropriate.

Write with full CV and daytime telephone number to Patrick Donnelly quoting ref: FZ012.

**PD Consultants**  
MANAGEMENT - SELECTION  
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## Management Personnel

10 Finsbury Square, LONDON EC2A 1AD.



## Reed International plc MANAGER – GROUP ACCOUNTING London W1

Reed International has, in recent years, reshaped its main business areas which have now produced record profits in each of the last four years. At the same time, it has been able to develop career opportunities for accountants in a wide variety of businesses and disciplines.

Following a recent promotion a challenging opportunity has been created at the Group Head Office for a Chartered Accountant, aged 28-32 with some commercial experience.

Managing a well qualified team you will provide the Directors with financial information, the shareholders with statutory accounts and maintain databases on annual and monthly performances of operating companies.

This is a high profile role with regular contact with other head office functions and subsidiaries and is designed to provide continuity within the department in the medium term with the opportunity to contribute to the expanding role of modern financial control in the organisation.

The package, which is negotiable, will reflect the importance of the position and the fringe benefits and career prospects in the group will provide a range of opportunities in the future.

Please write, enclosing a career/salary history and daytime telephone number, to John P. Sleight FCA quoting reference J/662/AF.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

## FINANCIAL CONTROLLER

Exceptional Career Opportunity for an Ambitious Individual  
Age 28-32 c.£35,000 p.a. plus car and bonus potential up to 25%

Our client is an autonomous division of a large well-known multinational, which is highly regarded for its quality fine/packaged goods. Substantial capital and market place investment in recent years is generating significant growth in very competitive product areas.

The Financial Controller (ACA/ACMA/ACCA) will report to the Finance Director, who is responsible for European activities as well as the UK operation.

The role combines all aspects of Financial Planning and Accounting in a rapidly growing European arena. It requires considerable flexibility, ability in analysing and understanding company performance and the persuasion of action as required. Key skills are therefore those of communication and influence supported by personal credibility.

This position is high profile, not only within the Division, but also within the Group (whose other Divisions are both UK and internationally based), and interfaces with all aspects of the business.

In addition to the salary (and potential bonus earnings) indicated above, a comprehensive range of non-contributory benefits are provided together with a generous relocation package if required (to East Anglia).

If you feel that you can meet the above demands and are interested in the excellent opportunities offered above, please telephone Karen Wilson BA ACMA on 01-439 6911 (or 0895 - 633429 in the evenings), or write to her enclosing a recent CV and note of current salary at Financial Management Selection Ltd, 21 Cork Street, London W1X 1BB.

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## UK Corporation Tax Specialists

As a consequence of relocation to Hayes, our Group Taxation Department is now looking for a UK Corporation Tax Accountant and an Assistant to join a highly professional team.

The UK Corporation Tax function comprises 4 people, reporting to the Deputy Manager, who have responsibility for the tax computations of all UK THORN EMI companies, including correspondence and negotiation with the Inland Revenue. The team also has responsibility for operating a system to control assessments, group relief claims, ACT utilisations and tax payments, is involved in the production of tax information for statutory and management accounts, and must participate in special projects and tax planning.

The senior of the two positions is likely to be a newly qualified ACA/ACCA, while the Assistant should be part-qualified. There will be the opportunity to study for the ATII examinations, for which assistance will be given.

Candidates should be looking for challenging and demanding tax experience within a large UK-based multinational organisation, and, although previous experience would be useful, it is not essential.

The rewards you can expect from us are competitive salaries and a range of benefits commensurate with a market leader.

If you think you meet our requirements, please send comprehensive career and salary details to: Martine Sheldrick, Personnel Manager, THORN EMI plc, The Quadrangle, Westmead Centre, Uxbridge Road, Hayes, Middlesex UB4 0HB. Tel: 01-848-0011.

**THORN EMI**

## Audit Manager

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Our client represents the \$1 billion turnover interests in North America of a major UK multinational where the major developments are part of a wide ranging integrated global strategy.

The Board is establishing an audit function to cover North American operations and wishes to appoint an audit manager with the appropriate ability and stature. The manager will lead a small professional team, establish and carry through a programme to ensure that all major risks and key procedures are effectively monitored and that statutory and regulatory requirements are recognised and met.

This is an important high profile position which will involve significant exposure to senior management both in North America and the UK. Applicants should preferably be graduate Chartered Accountants with senior managerial experience in an international firm of accountants or high level audit experience in another multinational. Please apply in confidence quoting ref. 1.341 to:

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## Property Financial Controller

£25K + car • Surrey/Sussex

Our client is a highly successful commercial and residential development and property management company.

They now seek a qualified ACA (or equivalent) to head every aspect of the accounting function - management and financial accounting, funding, treasury operations, computer systems and secretarial duties. You will be reporting directly to the Divisional Managing Directors.

This post would ideally suit a Graduate, aged 30-38, with a minimum of 5 years' post qualification experience. A proven track record of achievement, preferably with a property based company, would be an advantage and the ability to communicate effectively at the highest level is crucial.

Apart from an excellent salary, car and benefits package, there is scope for an early board position for the right candidate.

Please write with a cv to: Maurice I Phillips, Sampson Phillips International, 2 Holly Spring Lane, Bracknell, Berkshire RG12 2JL.

**Sampson Phillips International**

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## Head of audit

to £25,000 + car

The Norwich & Peterborough is a highly successful and innovative building society with assets of £500 million and a network of 60 branch offices. The Society is continuing to expand its range of financial services.

Internal audit has a key business and statutory role to play during this exciting period of change. Managing a small team, the Chief Internal Auditor will be responsible for monitoring the development, implementation and operation of control procedures appropriate to a fast changing environment with extensive computerised systems.

A qualified accountant, probably aged in your late 20s/early 30s, you will have a quality audit background. You could be someone from a major accountancy firm seeking to step into the financial sector at a senior level or someone from an established and respected internal audit function seeking upward progression. You will have strong interpersonal skills, with the ability to present your independent opinions at the highest levels within the Society. A good understanding of the management of computer audit is essential.

Immediate rewards include a concessionary mortgage scheme, BUPA membership and a quality car. In the longer term, successful performance in this demanding position will open up excellent career prospects. If appropriate, relocation expenses will be paid. The position is based in Peterborough.

Résumés, including a daytime number, to Tony Potter, Ref. 184TP.



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## Research your career development with Glaxo

Senior Accounting Managers

West London & Herts

Glaxo is the acknowledged leader in the UK Healthcare Industry, employing over 2000 people in its research organisation, Glaxo Group Research Ltd. Exciting developments in this company's activities and capital expansion programme have led to the need for strong managers in the following three key areas:-

Sophisticated new accounting software is to be acquired. An individual with experience in this area is required to evaluate the software options and then ensure the smooth implementation of the system and transition of existing financial systems and data. Continuing development and enhancement of the systems is also part of this role, ensuring that the organisation's needs continue to be met and expanding the end-user computing philosophy.

The Company has a major capital investment programme and is planning a new Research and Development complex on a greenfield site. A background in project appraisal and control will ensure that the successful candidate will have the skills required to assist with the implementation of the programme in liaison with Senior Managers throughout the Company. Post investment appraisal will also be an important part of the role. (Based Herts).

In an expenditure-orientated Research environment, effective control over all payment management activities is vital. A requirement for considerable experience in the areas of cost-management and enthusiasm for the technical challenges of this role, may mean that it would suit a person towards the upper end of the specified age range. You will be responsible for all aspects of disbursements, cash management and forecasting, taxation and VAT, controlling a staff of up to 20 people.

Applications are invited from qualified accountants. Candidates should know that Glaxo Group Research seeks academic achievers, successful professionals and goal orientated individuals as its employees. The Glaxo group has a £1.73 bn turnover and employs 33,000 staff worldwide in 50 countries.

Written applications, enclosing an up to date CV should be submitted in strict confidence to Malcolm Edgell BSc FCA or Carol Saunders BA at 40 Strand, London, WC2R 0NS quoting ref 8200.

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- ◆ Age 28 - 40
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With an ever expanding portfolio of financial sector clients, we already provide services to some of the prestigious names in the banking and financial world. We are now seeking recently qualified business minded chartered accountants, preferably with financial services experience, who are keen to join a bright, innovative and highly successful international team of capital market specialists.

To service this market we have established fully integrated industry teams in the major financial capitals of the world. As part of the London operation, you will be involved in advising clients on how to structure themselves to meet the challenges of today's rapidly changing financial markets, how to control and audit the risks that arise in today's complex trading environment and on setting up new markets in those countries where sophisticated financial products are now emerging.

You will benefit from an improvement in your career prospects, our extensive training programme, an initial salary package up to £20,000 depending on your experience and qualifications.

These are influential positions, servicing your own group of clients. What's more, much of the work that you will do will be of a consulting nature, providing interest and continuous intellectual challenge.

We believe that the opportunities that we at Arthur Andersen can offer you are as exceptional as you will be expected to be.

Why not see for yourself by spending time with us, talking to a cross section of our team.

To take the first step, contact Stephen Kingsley, Arthur Andersen & Co., 15 Surrey Street, London WC2R 2PS. Telephone: 01-836 1200.

**ARTHUR ANDERSEN & CO**  
Chartered Accountants

Hi-growth international service company

## Group Treasurer

Southern Home Counties

c£32,000+car

Our client, a dynamic service sector PLC, has generated impressively high growth since its inception in the early 80's. After a two year period of 300% growth, turnover is now in excess of £40 million and, through future organic growth and acquisitions, the company is targeted for a £100 million turnover in the next 3 years. The company trades internationally, with subsidiaries and operating units throughout Europe and the Far East.

As a result of this growth the company has identified the need for the new position of Group Treasurer, who will be responsible for the development and management of the Treasury function. This will include cash management, funding, foreign exchange, leasing and cost effective capital funding. The role is highly

commercial and will have a considerable impact on the company's continued success and profitability.

The successful candidate will be aged 27-35 with several years' industrial or corporate treasury experience. Whilst a relevant qualification would be of interest, it is less important than the personal qualities of enthusiasm, energy, maturity and an ability and willingness to respond to a rapidly changing and very enjoyable environment.

Our client sets high standards - can you meet them?

If so, please submit your CV to Wayne Thomas, Executive Division, Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor, Berkshire SL4 1BG.



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Fuelled by the increasing complexity of business life, the demand for financial management consultancy continues to soar. For top-flight accountants, consulting can shift their career into top gear and provide the bridge into general management. This has been the experience of individuals joining us in recent years and with the demand for our services rising high we are seeking several experienced **Financial Managers**, aged between 27 and 37, to join us at various levels in the following areas:-

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Assessing clients' competitive position and operational effectiveness; identifying and assisting in the implementation of profit improvement programmes.

A graduate and qualified accountant or MBA, you should have broad business experience gained as a member of a management team, together with business analysis skills developed in a corporate planning function or with a consultancy.

## Financial Control

Enhancing the effectiveness of management information and financial control; developing advanced management accounting techniques for strategic planning and operational management; improving the organisation, systems and procedures of the finance function itself.

You should be a graduate and qualified accountant with experience of financial controllership, including systems implementation in corporations well recognised for their strong financial management.

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You should have at least two years post graduate experience in a corporate treasury function or treasury consultancy.

We are working with a wide range of major corporate clients on exciting and demanding projects, in the UK and overseas, many of which are at the forefront of today's developments in financial management.

If you believe that a move to Coopers & Lybrand will accelerate your career, please send your résumé, including a daytime telephone number to: Victor Luck, Director, Business Appraisal and Financial Management, Coopers & Lybrand quoting reference 10/3, at the address below.

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Are you one of the rare breed of highly professional, forward thinking and commercially astute Corporate Treasurers who will make a vital contribution to the success of a major international Group? Aged around 30, do you already have the excellent track record, flair and business acumen which will enable you to become Group Treasurer within the next two to three years?

Then you would relish the role of Treasury Manager in this diverse and expanding Group, responsible for day-to-day management of the Group Treasury Department

which has recently established a large Multi Option Facility. Responsibilities include the management of foreign exchange exposure, cash flow performance, and the provision of banking services to subsidiaries worldwide. You will also help maintain and develop the excellent relationships with the Group's bankers and improve the procedures and systems currently in use. Your significant Corporate Treasury Management experience gained in the HQ of a fast-moving commercial group should be supplemented by a professional accountancy qualification and a good degree.

**Simpson Crowden  
CONSULTANTS**

Major PLC

Remuneration is negotiable around £30k, together with a company car and all the usual benefits one expects from a major Group. The post is located at their prestigious HQ in Central London.

Are you of the very high calibre required? If so, please write, in complete confidence, to the Company's adviser, **Peter S Fladys, Simpson Crowden Consultants Limited, Specialists in Executive Search and Selection, 97/99 Park Street, London W1Y 3HA. Telephone: 01-629 5909.**

## Financial Accountant

c£16,000 + Benefits & Relocation E. Anglia

Project Office Furniture plc is the UK's leader in office furniture, with several factories in Suffolk and a nationwide direct selling and distribution operation. This is a wholly owned subsidiary of a larger group, is highly profitable and continues to enjoy significant growth, both in the UK and overseas.

The position of Financial Accountant, reporting to the Group Accountant, carries the responsibility for working capital control, cash management, statutory accounts, taxation, etc. Direct management of the computerised ledger and payroll packages is also included and a knowledge of computerised systems would be a significant advantage, together with the management skills necessary to handle a large staff.

Our requirement is for a fully qualified accountant, ideally aged 25-40 years, with strong management and communication skills, although age is no barrier.

The post would suit someone seeking a move from the profession into industry, or candidates with relevant industrial experience.

In addition to the competitive salary and benefits package, full relocation costs to this charming rural location will be offered in appropriate circumstances. To apply, please telephone for an application form to the Personnel Department, Project Office Furniture plc, Hamlet Green, Haverhill, Suffolk. CB9 8QL. Tel: Haverhill (0440) 705411.

We are an Equal Opportunity Employer.

## Financial Director

South Yorkshire to £25,000 + Bonus + Car

Our client, is an autonomous £11 million turnover manufacturing subsidiary of a highly acquisitive rapidly expanding UK PLC. Their products are supplied to both industrial and consumer markets and the company holds an enviable position in a highly competitive market with ambitious plans for future growth.

Promotion creates the need for a Finance Director to be responsible for all aspects of the finance and data-processing functions. In addition to the normal financial responsibilities the successful applicant will be expected to input significantly to strategic business planning and the overall commercial management of the business.

Candidates, aged 28-35, should be qualified accountants (ACA, CIMA, CACA) of graduate intellect, who can demonstrate outstanding achievements to date, coupled with strong communication skills, and the ability to make an effective contribution to the profitable development of the company.

Interested candidates should write to Paul Kinsey quoting ref: L8398 at Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds, LS1 2PX. (Tel: 0532 450212).

Relocation facilities are available where appropriate.

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**Michael Page Partnership**  
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London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide  
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This is a new appointment in our Chichester office arising from the continued growth of the firm particularly in its Financial Services and Commercial departments.

We have a substantial tax practice founded upon a Private Client base, covering personal tax affairs generally (including Lloyds Underwriters), personal tax planning, problems of residence and domicile, and all aspects of capital taxation. These services are supplied to Private Companies, Farming enterprises and Partnerships as well as to individuals. We also provide Investment Management through a separate Company (THESES - a member of FIMBRA) as well as Insurance advice and administration.

We require a senior person to provide supervision for routine tax work, tax and financial planning advice, and to work closely with the Tax Planning Partners. The person appointed will be responsible for the management and administration of the department.

This appointment would suit a Chartered Accountant, aged not more than 40, with the appropriate skills and experience.

We are fully aware of the remuneration package which this appointment commands.

Please write with full CV or telephone for an application form to:

The Partnership Secretary  
**THOMAS EGGAR & SON**  
Solicitors

EAST PALLANT CHICHESTER WEST SUSSEX PO19 1TS  
TELEPHONE (0243) 786111

## FINANCIAL CONTROLLER Publishing/leisure

London £25-30,000 + car

A public company with international interests in publishing and leisure seeks a Financial Controller to join a small management team at its group head office. The company, which currently has a market capitalisation of c.£50 million, intends to expand its activities both in the UK and overseas.

Reporting to the executive directors, the Financial Controller will be responsible for all aspects of the group accounting function, including budgetary control and financial strategy. There is scope to develop both improved management information and greater use of computerised systems.

Applicants should be chartered accountants, preferably in their late twenties or early thirties. Some knowledge of international treasury operations in the publishing business would be an advantage.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2872 to G.J. Perkins, Executive Selection Division.

**Touche Ross**  
The Business Partners

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB  
Telephone: 01-353 7361.

## Accountant

Foreign & Colonial Management is an independent, unquoted investment management company in the City. It now manages assets of around £2,000 million; double the level of three years ago.

An opportunity has arisen for a Qualified Accountant with at least two years post-qualifying experience seeking a salary of £20,000 + benefits.

Working as part of a small professional team, the position will involve the preparation of the published accounts of the Group's investment trusts and unauthorised unit trusts and work in management accounts, income and corporation tax, V.A.T. and compliance.

The ideal candidate will be able to work to deadlines with minimum supervision and must be able to communicate at all levels. Familiarity with the investment management/investment trust environment would be useful.

Written applications, enclosing a CV should be sent to John Stevens, F.C.C.A., Foreign & Colonial Management Limited, 1 Laurence Pountney Hill, London EC4R 0BA.

(All applications will be treated in the strictest confidence.)

Foreign & Colonial

## CORPORATE FINANCE

£17-24,000 + bens

An internationally respected firm of Chartered Accountants and a major force in this highly specialised area, our client now wishes to augment its existing team.

Applicants both recently qualified and with up to 3 years relevant PQE will be considered for a role offering enormous scope in the following areas:

- Mergers & Acquisitions
- Flotations (USM & Full Listings)
- Management Buyouts
- International Capital Markets
- Corporate Advisory Work

You will require strong interpersonal skills and need to demonstrate imagination and technical competence to work in this thoroughly professional, demanding and rewarding environment.

To discuss this opportunity, contact me, Howard Foster, on 01-379 6668 (24 hours), 01-399 9832 (out of hours), or send your C.V. to RFI Associates, 18 Exeter Street, London WC2E 7DU.

## SENIOR FINANCIAL ANALYST

SW1 £22,000+Bens  
Multinational organisation seeks a forward thinking, self motivated individual. You will prepare monthly management reports to tight deadlines and be responsible for the evaluation of financial and management information. If you are qualified with several years commercial experience, this will be a strategic career move. Ref: 161144

## ACCOUNTS MANAGER

W1 £19,000  
Large P.R. firm are offering a superb opportunity to a newly/continuously qualified accountant. You will oversee the complete accounts function and be able to determine all procedures and systems in use. Also a chance to utilise your management skills. Ref: 161183

**REED ACCOUNTANCY**  
5 High Holborn, WC1 01 404 0174

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## SECTION II - COMPANIES AND MARKETS

# FINANCIAL TIMES

Thursday November 28 1987

## S.G. Warburg hit by fall in world stock markets

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

S.G. WARBURG Group, the large independent City of London investment bank, has been hit by losses since last month's crash in the world stock markets. Sir David Scholey, chairman, said yesterday.

Sir David declined to specify the cost of the market collapse to Warburg, one of the largest dealers in equity and debt securities in the City of London. But he said: "We have not had a profitable six or seven weeks since September 30, the end of Warburg's financial half-year."

In the half year, profits had doubled compared with the corresponding period of 1986, thanks to the boom in the investment and securities business that followed last year's Big Bang market deregulation.

Although the interim profits exceeded the market's expectations, concern about the outlook for the group left the shares down 5p on the day at 315p.

One figure reported by Warburg showed that it had lost \$8m (\$15.6m) as underwriter of last month's British Petroleum share sale when it took 50m shares on its books.

Overall, Sir David said, Warburg's losses since the crash were smaller than those disclosed last week by Barclays de Zoete Wedd, the investment banking arm of Barclays Bank, which has made an \$18m pre-tax loss in the year to date.

Sir David warned against reading any strong trend into Warburg's performance because the volatile aftermath of the crash had a pendulum effect which produced good and bad weeks. Different parts of the business had also been affected in different ways.

The crash had not altered Warburg's plans to expand in London, although he was waiting to measure the impact abroad.

No spending or staff cuts were envisaged, and the mood among staff was "good". It was too soon to say what effect the losses would have on staff bonuses, which typically account for a third of pay.

The interim profits for the Warburg group were \$76.8m before tax, up from \$38.1m in the first half of last year.

Sir David said these sharp gains meant Warburg was still ahead of its profit projections for the year as a whole. Mercury Asset Management Group, its 76 per cent-owned fund management subsidiary, also reported a sharp rise in profits for the half year, but warned that profits were certain to be down in the second half.

Primerica, the US financial services company which is the largest independent shareholder in Triangle Industries, the leading US manufacturer of metal cans and bottles, is to back a controversial \$18m buy-out of Triangle by its two founders and controlling shareholders, Mr Nelson Peitz and Mr Peter May.

Primerica, which was the American Can Company until it changed its corporate identity last June, is to sell its 17 per cent stake in Triangle to CJI Industries, the acquisition vehicle being used by Mr Peitz and Mr May.

Primerica will be paid \$124m, or \$25 a share, in cash, plus "additional consideration comparable to the amount received by other minority shareholders in Triangle in excess of \$25 a share."

The decision will boost the CJI offer, which has hit serious resistance from some of Triangle's minority shareholders. The offer aims to give Mr Peitz and Mr May, who own 66 per cent of Triangle, 80 per cent control through a cash and securities exchange.

Triangle's minority shareholders have been offered \$25 a share in cash, plus \$10 nominal value of junior preferred stock in CJI, which will pay no cash dividends for five years. Although the offer to the minority is nominally worth \$35 a share, the market has taken a dim view of the value of the securities being offered to minority shareholders.

At lunchtime yesterday Triangle's shares stood at \$25.4, up 51¢ and only 75 cents higher than the cash value of the CJI offer. The shares hit a low of \$22.5 after October's crash.

## Primerica to back Triangle buy-out

By Anatole Kalotay in New York

PRIMERICA, the US financial services company which is the largest independent shareholder in Triangle Industries, the leading US manufacturer of metal cans and bottles, is to back a controversial \$18m buy-out of Triangle by its two founders and controlling shareholders, Mr Nelson Peitz and Mr Peter May.

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## Edelman cuts \$10 from offer for Telex shares

BY JAMES BUCHAN IN NEW YORK

MR ASHER EDELMAN, the US investor who is seeking to take over the Telex computer group, yesterday cut his cash offer for the company and left open the question of whether he can raise financing to gain control.

The announcement, offering \$55 a share instead of \$65, did nothing to lift the stock market's doubts about the seriousness of Mr Edelman's approach. Telex stock was trading yesterday at \$49.4, down 3¢ and well below the price on offer.

Mr Edelman said yesterday that he had lowered his \$65 a share offer, which was launched before the stock market crash last month and valued Telex at \$954m.

The new offer, which closes on December 23, is worth \$55 a share for 71.5 per cent of the shares and a mixture of securities valued at \$55 for 28.5 per cent. The Edelman group already owns 4.5 per cent.

The stock market is uncertain where Mr Edelman will be able to raise the necessary finance because the market for the low-

grade debt used in takeovers has been depressed since the October crash. He said yesterday that he did not know whether Shearson Lehman and Benque Paribas are in a position to finance the revised offer.

Telex, based in Tulsa, Oklahoma, has said that it will recapitalise itself and pay stockholders \$45 in cash and a few dollars in a security if Mr Edelman does not proceed with his offer. Wall Street now believes that this offer, too, may be reduced.

The average number of common shares outstanding rose to 89.9m in the most recent fiscal year from 80m in 1986, due partly to a \$300m share issue in October undertaken in a bid to replenish the bank's capital base.

Net interest income for fiscal 1987 totalled \$2.08bn - virtually unchanged from a year ago, while earnings from international money market trading were lower. Other operating income increased by almost \$100m or 12 per cent while non-interest expenses rose by \$120m or 6 per cent.

Total assets at the end of October 1987 amounted to \$54.2bn, down about \$3bn a year earlier, due mainly to a planned reduction of lower-yielding assets.

The bank said that its September acquisition of investment dealer Nesbitt, Thomson had only a small impact on 1987 results.

Canadian Imperial Bank of Commerce (CIBC) and investment dealer Gordon Capital are to proceed with their previously announced formation of a joint venture merchant bank, but CIBC will initially hold only a 9.9 per cent stake in the venture.

The bank originally intended to take a 50 per cent interest in the venture, to be called Gordon Investment, and to sell part of that interest to other investors, leaving it with a 20 to 35 per cent holding.

Explaining the change of plan the bank said that the formation of Gordon Investment "raised some unanticipated policy and regulatory issues."

## Bank of Montreal profits rise

BY DAVID OWEN IN TORONTO

BANK OF MONTREAL, the third largest Canadian chartered bank, increased net fourth-quarter earnings by 19 per cent, buoyed by higher transaction volumes, loan fees and foreign exchange revenues.

However, for the year as a whole, the bank recorded a substantial \$352.4m (\$528.8m) loss after taking into account a previously announced \$765m special provision related to a sharp increase in its Third World loan loss provisions.

Net income in the final quarter totalled \$486.8m, or 90 cents a share, compared with \$381.2m, or 83 cents a share, in the corresponding period a year earlier. In the full year, the bank earned \$412.6m or \$4.09 a share, before the special provision, up from \$353m or \$3.70 in 1986.

The offer, which values Bell & Howell at around \$600m, was about 7 per cent higher than the closing price on Wall Street last week, when the auction was first announced.

Bell & Howell shares dropped 3¼¢ to \$67½ after the bid's announcement. The market sees

the Bass offer only as the opening shot in what could turn into a protracted battle between the main shareholders in Bell & Howell.

Before the company formally invited bids, Mr Bass and his investor group owned 10 per cent of the common stock.

## Bass leads attack on Bell & Howell

BY OUR NEW YORK STAFF

BELL & HOWELL, the US publishing and information company which put itself up for sale last week, received its first formal bid yesterday - an offer of \$64 a share from an investor group including the company's top management and led by Mr Robert Bass of Fort Worth.

The offer, which values Bell & Howell at around \$600m, was about 7 per cent higher than the closing price on Wall Street last week, when the auction was first announced.

Bell & Howell shares dropped 3¼¢ to \$67½ after the bid's announcement. The market sees

the Bass offer only as the opening shot in what could turn into a protracted battle between the main shareholders in Bell & Howell.

Before the company formally invited bids, Mr Bass and his investor group owned 10 per cent of the common stock.

## Air Force accuses UTC over standards

By Louise Kehoe in San Francisco

UNITED Technologies (UTC), the leading US military contractor, has been accused of producing defective parts for motors used in missiles and on the space shuttle rocket boosters, in a highly critical report issued by the US Air Force.

Following a routine review of operations at UTC's Chemical Systems division in San Jose, California, by the Air Force's contracts management division, the company's performance was rated as "marginal in the areas of product integrity, quality assurance, manufacturing and contract management."

The company was rated as "unsatisfactory in the areas of engineering, and safety and fire protection."

In a sample of 162 components of motors used in such key US missiles as the Minuteman, Tomahawk, Trident and Titan, 20 per cent were defective, the Air Force inspectors found in the study.

The review said 82 per cent of the company's parts for motors that separate rocket boosters from the space shuttle and the Titan were faulty. An even higher defect rate was found in parts for the Tomahawk cruise missile.

Responding to concerns that defective motor parts may have been installed in missiles and space shuttles, the Air Force said that most of the defects found in motor parts under construction at United Technologies were "minor in nature and would not have resulted in missile failure."

All of the defective parts were in the process of manufacture and had not been accepted by the Air Force for use in missiles, an official said.

## Nikko may launch bid for Hutton

By Ian Rodger in Tokyo

NIKKO SECURITIES, one of the four leading Japanese securities groups, says it is studying an offer to acquire E.F. Hutton, the financially troubled US brokerage group. However, a Nikko official said yesterday there was very little chance that it would acquire Hutton.

Nikko was interested in wholesale broking in the US, and so was not interested in acquiring a firm with a large retail base, like Hutton.

Anatole Kalotay adds from New York: Apart from Shearson Lehman Brothers, which is the leading candidate to buy Hutton, other potential bidders for Hutton are thought to include Dean Witter Reynolds, which is a unit of Sears Roebuck and is the second largest retail broker in the US, and Transamerica, the west coast insurance and finance company.

## US bank sets its sights on W. German investors

BY LESLIE COLT IN BERLIN

UNDETERRED BY the falling dollar, a small but aggressive US savings bank has entered the lion's den and is appealing directly to West Germans to exchange their D-Marks for dollars and open an account in the US.

Bell Savings Bank of Upper Darby, Pennsylvania, opened its second European representative office this month in West Berlin. Two years ago it opened one in the UK, where it has nearly 3,000 customers, with an average of just under \$1,500 each in their accounts.

Mr Peter von Woedtke of the bank, sought to calm German fears about the dollar at a recent press conference by noting that the dollar was "unlikely" to fall much further. The recent stock market crash had underscored the importance of bank deposits in future investments. The initial response to a newspaper

advertising campaign in West Germany had been encouraging. Bell Savings is offering high interest rates, by West German standards, for money market and current accounts - current accounts in West Germany earn no interest.

The opening deposit requirement is DM1,500 (\$899) or the US dollar equivalent.

No charges are made for currency conversion, the bank says, and foreign accounts are not subject to US tax.

For people considering holidays in the US, the bank says cheque card holders may withdraw up to \$500 a day at 14,000 locations in North America. Mrs Robin Flood, manager of Bell's UK office, said her business in the UK had jumped after October's market crash. Bell Savings Bank had earnings of \$1.5m, up 49.4 per cent in the first quarter.

This announcement appears as a matter of record only.

New Issue

20th November, 1987



## KANSALLIS-OSAKE-PANKKI

(Incorporated with limited liability in Finland)

U.S.\$50,000,000

Dual Currency U.S. Dollar/New Zealand Dollar

Floating Rate Notes Due 1990

Issue Price 100¼ per cent.

Yamaichi International (Europe) Limited

Hokuriku Finance (H.K.) Limited

## HARRISONS MALAYSIAN PLANTATIONS BERHAD

(Incorporated in Malaysia)

INTERIM REPORT FOR THE SIX MONTHS TO 30th SEPTEMBER, 1987

The Directors announce that the unaudited results for the six months to 30th September, 1987 were:

	1987	1986	%	1987	1986	%
Turnover	RM7000	RM7000	(4)	12,688	9,522	33
Investment and other income	6,114	10,520	(42)	1,376	3,492	(61)
Operating profit	55,548	28,178	90	3,492	3,459	1
Associated Companies	2,390	2,475	(3)	-	-	-
Profit before taxation	55,938	30,653	82	3,492	3,459	1
(See Note 1)						
Taxation	20,427	10,425	96	764	1,733	56
(See Note 2)						
Profit after taxation but before extraordinary items	35,511	20,228	76	2,728	1,726	58
Minority interests	240	218	14	-	-	-
	35,252	20,010	76	2,728	1,726	58
Extraordinary items	819	869	(6)	-	-	-
(See Note 3)						
Profit attributable to shareholders	36,081	20,879	73	2,728	1,726	58

	1987	1986
Profit after taxation but before extraordinary items as percentage of turnover	14.1%	2.7%
Profit after taxation but before extraordinary items as percentage of shareholders' funds	2.1%	1.2%
Net earnings per share (in sen)	83	47
Net tangible asset backing per share	\$4.04	\$3.97

The considerable improvement in profit is mainly due to higher prices for palm and rubber products coupled with an increase in palm oil and kernel production. For the full year, rubber production is estimated to be similar to last year whilst increases in palm products are expected. If present prices for these commodities are maintained, the results for the current year will be materially better than last year.

## HARVESTED CROPS - TONNES

	1987	1986
FFB	455,040	424,347
Palm oil	95,187	88,526
Palm kernel	27,882	25,441
Rubber	24,680	25,715
Cocoa	2,869	2,199
Copra	3,571	3,680

## COPIES OF THE COMPANY'S INTERIM REPORT

A copy of the Company's Interim Report will be posted to shareholders on 30th November, 1987. Copies will also be available from the Company's registered office and the Branch Registrars, Bering Brothers & Co. Limited, Bourse House, 34 Beckett Road, Kent BBS 4TU, United Kingdom.

KUALA LUMPUR  
25th November, 1987

By Order of the Board  
Mohd. Nadir Mahmud  
Secretary







## Investment

## Some coins more equal than others

LONDON, 15. October. The multitude of coins available today places many a novice in a quandary. They are offered in all sizes and designs, and at all price levels through ads in the dailies or at banks or coin dealers.

Caveat emptor. Not all that glitters is a coin. Basically, there are five different types.

**1. Bullion Investment Coins.** Gold bullion investment coins are sold solely for the intrinsic value of the precious metal. They are produced in large numbers by major gold producing countries, such as Canada, Australia and U.S., thus are traded at a small premium over the actual price of the metal. As they are a pure investment vehicle, like gold bars, they have no numismatic value. They are favored over gold bars by investors as a store value, as they are more transportable and easier to trade. The value is easy to keep track of, as their price is based upon the daily fixing of gold.

**2. Numismatic Coins.** In general, these are coins which are bought by collectors for their beauty, as opposed to the value of their precious metal content. However, a truer definition would include those coins struck prior to 1804. The price has no relation whatsoever to the actual value of the metal. The factors determining the price of a coin are rarity, age, and condition or quality of the striking.

**3. Semi-numismatic Coins.** These are coins that were struck after 1804, however prior to 1850. The same criteria as those used with numismatic coins are used in determining their value. The buying and selling of one of these coins is, however, easier since they are available in greater quantities than those struck prior to 1804.

**4. Current Coins.** Current coins are those struck after 1850 and were in circulation during the time of the gold standard. There are still large quantities of these coins available today. The price is related to their gold content plus a fairly high agio.

The collecting of numismatic and semi-numismatic coins can also be considered a form of investing, however usually it is merely a rather expensive hobby. Current coins fall into a category between hobby and investment, since they also maintain their value, even if the price of precious metal should fall.

**5. Medallions.** These are collectables, but are also considered an investment. They are often issued at some special anniversary and their value is based on their gold content and the rarity of the striking.

## Gold Maple Leaf makes a breakthrough

World's gold coin standard / Grows in popularity / Even attractive for small investor.

OTTAWA, 15. October. Gold, prized as a store of wealth over the ages, has not lost its shine even in the age of high technology and cashless transactions. This has been felt recently by the Royal Canadian Mint. According to a spokesman for the Mint, demand for the Gold Maple Leaf, the Canadian gold bullion coin which is struck in four sizes, has recently been brisk. Observers of the financial world contribute this to various factors. The primary reason is felt to be its universal recognition which ensures ease of trading wherever gold is sold around the world. Of almost equal importance is its unusual purity of .9999 or 24-carat. Most other gold coins rarely exceed .916 or 22-carat, the purity of the South African Kruggerand (which is no longer being produced).

A further aspect is that the Gold Maple Leaf is legal tender in a country known for political stability and for being a dependable trading partner. Since the coin is easily convertible currency, it is sold in most countries free of a value added tax. This is true in Luxembourg, Switzerland and Austria, while a minimal tax is charged in Belgium (1%) and Holland (4%).

Since the Gold Maple Leaf is struck in four sizes, it is able to satisfy the varying investment needs of all investors. It is available in one full troy ounce of pure gold, or in 1/2, 1/4 and 1/10 ounce of pure gold.

The benefits of owning gold. The Gold Maple Leaf, which has been available since 1979, is produced only from gold mined in Canada.

This accounts for its unusual yellow color compared to coins mixed with alloys. The use of Canadian gold is a requirement of the charter of the Royal Canadian Mint and it serves to support the Canadian mining industry. Gold was first discovered in Canada in 1858 and has been continually mined ever since. Canada is currently the third largest producer of gold in the world.

This objective is clearly being fulfilled, as indicated by sales results of the Canadian coin. Since its introduction in 1979, over 10 million Gold Maple Leaf coins - that's over 300 tons! - have been sold around the globe. The biggest jump came in 1985, when sales doubled. This was caused by a favorable price of the precious metal and an increasing interest in this bullion investment coin, following the demise of the South African coin.

Why do more and more investors prefer bullion coins to its cousin, the gold bar, or wafer as it is sometimes called? One key reason is their liquidity - a coin enjoys universal recognition and can't be counterfeited. Gold bars may enjoy a solid reputation in their local market, however usually require a costly and time-consuming assay in other parts of the world. Gold bullion coins are accepted by governments, which is a great advantage.

respect, the Royal Canadian Mint is especially strict. Although the purity of each Gold Maple Leaf is given as .9999, it is actually closer to .99995. The weight on each coin is strictly controlled, with the weight struck on the coin being a minimum guaranteed by the Government of Canada. Independent tests have even shown that the coins are all above the minimum, showing that the Royal Canadian Mint gives a little gold away to ensure they meet the guarantee. No other coin has yet to show similar results.

It is fair to point out that a gold coin, and a bar for that matter, provides the owner with no interest. However, it can be still considered an investment instrument, but for other reasons. This is because it is a speculative object. But, more significantly, gold has been proven over time to be the surest store of value. Gold bullion coins will not multiply but, as the saying goes, they bring peace of mind. They can anchor a portfolio that is made up primarily of more speculative instruments, as they will gain in value when others are losing theirs. Inflation and economic crisis only eat up other investments, while feeding the value of gold. That's why most experts agree that 10 to 20% of a portfolio must be in gold. An ideal way to keep this golden rule with Gold Maple Leaf bullion coins. With no guarantee of the future, it is comforting to know that the coin's purity and weight are guaranteed.

## Investment can also be beautiful

FRANKFURT, 15. October. The Royal Canadian Mint created not only a major bullion investment coin, but also a coin recognized and appreciated around the world for its beauty. Although this is not the main criteria in choosing an investment instrument, many find added value in the quality of the design and striking.

As with all Canadian currency, the front depicts the effigy of Queen Elizabeth II, reflecting the historical relationship with England. The reverse side shows the symbol of Canada, a maple leaf, which has been captured to perfection by the engraver.

Prominently displayed are also the key facts about the coin, such as its origin; value (either \$50 Cdn, \$25 Cdn, \$10 Cdn or \$5 Cdn); weight (either 1, 1/2, 1/4, or 1/10 ounce); purity - .9999; and date of striking. The first coin was struck in 1979.

## One Eagle that doesn't fly

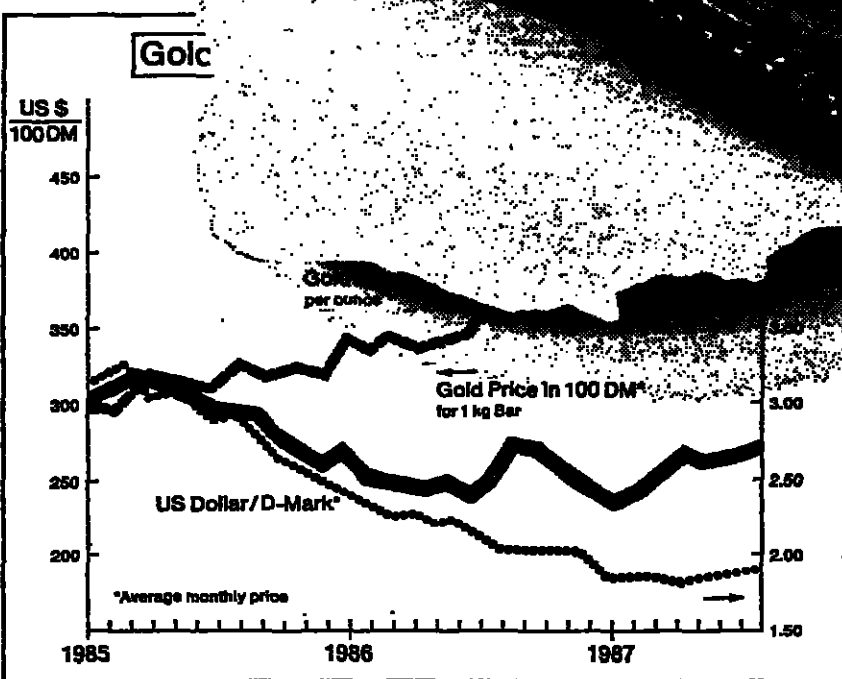
FRANKFURT, 15. October. Anonymous sources in banking circles in Frankfurt, Zurich and London say that the U.S. Eagle is not doing as well as it has in its home market. American investors continue to buy traditional gold products - small bars or the better known Gold Maple Leaf. They say that less popular coins do not enjoy the same liquidity as the popular coins.

## Is it in

NEW YORK. Problems in the United States are causing the experts to question if this or are more closing, resulting in all their customers point to similarities to the crash of '29, just have arguments to point out different. This adds to the uncertainty that is ground for a safe haven before it is lost to failure.

All paper instruments or securities, are still in control of financial government bodies. They point out that precious metals, gold, offer the ideal store of value is intrinsic and not that of paper money.

Gold is international to the fortunes of any banking system. It can bring a sense of security, as it is a sure policy as would come in a b



Source: Handelsblatt

## Cavelti "Time-proven investment"

Since the price of gold was freed in 1970 to move with market forces, it has risen to new heights, and fallen just as often.

Precious metal and finance experts continually try to analyze the price development. But, the gold metal remains unpredictable. Rising or falling dollar exchange rates, wars, and financial crises are no longer a guarantee for a rise in the price of gold.

The peak in the price of gold was reached at \$850 for one ounce in 1980. Currently, the price ranges between \$400 and \$500. In spite of this, invest-

ment advisors recommend to follow the golden rule - hold ten to fifteen percent of an investment portfolio in gold.

The reason is simple, explains Peter C. Cavelti, President and Chief Executive Officer of Cavelti Capital Management Ltd. in Toronto, Canada, and an internationally recognized expert on precious metals: "Gold is an unbeatable investment vehicle that protects prosperity at all times, even during crisis." Cavelti has banking experience in U.S., Africa and Asia and belongs today to the most sought-after precious metal advisors.

monetary of most banks and experts, in every individual portfolio. The question is best way to own gold?

The choice between bullion bars, certificates or a precious metal account depends upon the wants and needs of the individual investor. In addition, such aspects to consider are the availability of gold, the possibilities for resale and also personal taste of the ultimate owner.

**Weight and Purity.** Traditionally, the gold trade has dealt in troy ounces - one troy ounce equals 31.1035 grams. Today, however, the metric weight system is also accepted and used, thus gold is available in grams, kilos and tons.

Of particular importance is the purity or fineness of the gold. With small bars, or wafers as they are sometimes called, and the leading bullion coins, such as the Gold Maple Leaf, a purity of .9999 is normal. This means that the given piece contains no more than one ten thousandth of foreign matter. However, it really means that a greater purity is not possible nor really necessary.

**Coins - solid and liquid.** One differentiates, more or less, between numismatic coins and newly minted coins, or the so-called bullion investment coins. Nu-

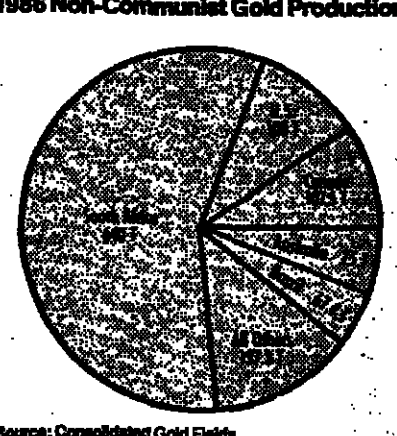
merical coins are sold for their face value, but they are also accepted by governments, which is a great advantage. The price of gold is directly related to the price of gold, which is quoted in the London market.

**Gold Certificates - Paper as good as gold.** The advantage of this form of investment in gold is that no tax is levied on the ownership of gold. The precious metal remains in the possession of a bank, which usually maintains this in a no-tax area. The disadvantage is that there is usually a minimum purchase amount, that varies from bank to bank - for example 10 Gold Maple Leafs or 500 gram bars - which makes this form unattractive for small investors. Another factor is that one doesn't have possession of the gold, which reduces some of the psychological benefit of owning gold.

**Bars - Familiar but not universally recognized.** The majority of bars sold today range from 1 gram up to 12.5 kilograms. The small bars are produced at a purity of .9999 fine gold. The trade accepts only bars from a reputable refinery which have a serial number. When there is

the price is directly related to the price of gold, which is quoted in the London market. The price of gold is directly related to the price of gold, which is quoted in the London market.

## 1986 Non-Communist Gold Production



Source: Consolidated Gold Fields

## and downs of gold coin

OTTAWA, 15. October. Recent reports indicate that the coin from the Royal Canadian Mint stays down under in sales figures compared to its competitors. After initial success in markets without competitors, the Australian Gold Bullion coin, the Canadian Gold Maple Leaf, recently found itself quickly eclipsed by the South African Kruggerand.

Anonymous sources in gold trading circles attribute this to the stronger international position of the Canadian bullion coin, which ensures tradability and liquidity.

## Gold production up.

OTTAWA, 15. October. With a yearly production of over 100 tons (107 tons in 1986), Canada is third largest producer of gold in the non-communist world.

The first discovery was made in 1858 at Cariboo, British Columbia. Today, forty-one mines produce the majority of this precious yellow metal. However, prospectors still roam the backwoods, searching for the hidden lode and dreamed-of riches.

The greatest amount of gold is mined in Ontario. Recent discoveries in the region around Hemlo made headlines around the world and boosted share prices. The main reason for the jump was the revised estimate of the gold reserve in this area: before the discovery reserves were felt to be around 130,000 ounces - today they are known to be closer to 17 million fine ounces of pure Canadian gold. Enough to keep the Royal Canadian Mint busy striking Gold Maple coins to meet the needs of investors around the world.

دور الاستثمار





## UK COMPANY NEWS

## Warburg profits doubled at £77m

BY DAVID LASCELLES, BANKING EDITOR

S.G. Warburg Group's profits in the six months ending September 30 were £77.8m, double the profits of £38.1m earned in the same period last year.

Sir David Scholey, the chairman, said the group had benefited from business confidence and strong equity markets worldwide. There was a particularly good performance from the UK equities and asset management business, corporate finance and foreign exchange.

Conditions were more competitive in the fixed income business, and Warburg's international equity operations were

still bearing heavy development costs.

Unlike last year when development expenditure of £12m was charged directly to inner reserves, this year's costs - which were smaller - were borne by the profit and loss account.

Earnings attributable to shareholders were £45.9m up from £25.2m, equivalent to 28.2p per share, up from 15.8p. The dividend is being increased to 3.5p from 3p.

The group's disclosed capital resources now exceed £715m.

Sir David says of the outlook that "our business has inevitably

been adversely affected by the sharp change in the financial climate since October 19." But apart from the \$8m after tax loss on underwriting the BP share sale, overall results are still ahead of the business plan. "The spread and balance of our Group enable us to face difficult conditions with confidence," he says.

Mercury Asset Management, the 75 per cent-owned fund management subsidiary of the Warburg group, reported pre-tax profits of £23.8m, a threefold increase on £7.8m earned in the first half of 1986. Earnings per share rose to 24.1p,

up from 10.2p. The dividend, the first paid since the company was floated in April, is 3p.

Mr Peter Stormonth-Darling, chairman, said that business had grown strongly over that period and a large number of new clients had been added. But the market fall made it unrealistic to expect that the profitability of the first half could continue, though there was some comfort to be derived from the proportion of revenue derived from recurring fee income.

Mercury's assets under management averaged £23bn.

See Lex

## Government tells MAI to sell 2,000 sites

BY CLAY HARRIS

THE Government is to force MAI, the diversified financial services group which owns Britain's largest outdoor poster contractor, to sell another 2,000 poster sites.

The Monopolies and Mergers Commission yesterday ruled that MAI's takeover of rival London & Continental Advertising Holdings would otherwise operate against the public interest.

MAI will have to reduce its share of 48-sheet posters (at 20 ft wide and 10 ft high, the size most in demand by advertisers and accounting for two-thirds of the industry's £100m annual revenue) to 25 per cent in four television regions - London and north-west, south-west and south-east.

In all other regions, it will have to reduce its holding to the pre-acquisition level. This would

cut its national share of 48-sheet sites from 40 per cent to less than 34 per cent. The next largest is Arthur Maiden with less than 20 per cent.

The commission concluded that MAI's dominance in the 48-sheet market would inhibit the emergence of any effective new competitor aspiring to operate on a national scale and reduce advertisers' freedom of choice.

MAI was the only contractor able to offer national 48-sheet packages from its own resources. Merseyside was the only contraction where MAI was not the largest 48-sheet group.

The inquiry was unusual that it was launched in July, six months after MAI completed its £36m takeover of LCAH.

Last December, the Office of Fair Trading had cleared the bid to proceed without a reference

EFFECT OF PLANNED DIVESTMENTS ON MAI SHARE OF 48-SHEET POSTER MARKET (%)			
Region	Before	After	
London	32	25	
Midlands	43	35	
North-West	28	25	
Yorkshire	44	38	
North-East	50	50	
Central Scotland	47	43	
Wales and West	34	34	
Southern	43	35	
Anglia	61	54	
South-West	29	25	
Border	55	55	
North Scotland	50	51	
Ulster	99	99	
TOTAL	40	34	

based on MAI's promise to divest sufficient 48-sheet and 4-sheet (3 ft 4 in wide by 5 ft high - bus shelter size) sites to reduce its roadside market share to 27.7 per cent on a revenue basis.

Although disposals - some later than promised - reduced this share to 27.6 per cent, the Monopolies Commission ruled that revenue was not the correct basis on which to judge market share and that each poster site comprised a separate market.

Mr Clive Hollick, MAI managing director, said yesterday: "We've delivered and they've changed the rules. I think the fact that the market definition has changed does have implications for people who are trying to plan the development of a business."

MAI will have to divest 2,000 sites within 12 months. The sites selected for sale will have to be of MAI's "average quality" in each region - in terms of historic revenue and detailed audience ratings.

## BOC in £86m cash bid for Australian minority

By Mike Smith in London and Bruce Jacques in Sydney

BOC Group, the gases and healthcare company, yesterday moved to strengthen its Pacific interests by launching an \$86m cash bid to buy out minority shareholders in Commonwealth Industrial Gases, its Australian subsidiary.

BOC, which already has 50 per cent of Commonwealth, has been considering an offer for the remaining 41 per cent for some time, but the move has become more attractive since the world stock market crash last month.

Although Commonwealth's shares fared better than those of most Australian companies, they had fallen from a year high of A\$5.04 to A\$3.4 before yesterday's bid.

BOC said buying out the minority shares would have little impact on earnings per share but would enable the company to take a longer-term view on how to expand OIG.

The acquisition would also help BOC develop Australia as the centre for its Pacific operations.

BOC also has stakes in companies in Taiwan (50 per cent), Hong Kong (50 per cent), Indonesia (30 per cent) and Japan (49 per cent).

These are joint ventures and it has no plans to take full control of them. It is, however, still looking for acquisitions in healthcare.

The offer of A\$4.30 a share represents a premium of 22 per cent on Tuesday's closing price and is 14.1 times OIG's earnings per share for the year to last September.

Commonwealth, which makes industrial gases, welding equipment and healthcare products, last year achieved operating profits of A\$65.5m (£24.2m), up from A\$54.5m (£22.2m) on sales up 20 per cent to A\$605m.

OIG's local shareholders are diffuse, with the largest after BOC holding less than 2 per cent of the capital. The register is dominated by institutions.

## BAT up to £1bn but warns of effect of crash on results

BY NICK BUNKER

TURMOIL in the world's currency and stock markets could have a significant impact on results achieved by BAT Industries, tobacco-based multinational, the group said yesterday as it reported pre-tax profits up 16 per cent to £1,025m in the nine months to September 30.

Mr Brian Garraway, deputy chairman, said BAT was "probably the first company to be as cautious" about its prospects since the October plunge in global equity markets. The group's non-tobacco interests include insurance, paper and pulp, and UK, US and West German retailing.

The figures included a 17 per cent rise to £608m at constant exchange rates in the group's tobacco trading profits, helped by deeper penetration of Japanese and other Far Eastern markets.

The group's financial services operations, including Eagle Star and Allied Dunbar, its two UK-based insurance companies, reported a 32 per cent jump in trading profits to £275m.

But BAT said falls in global equity markets had already prompted it to leave out of the

nine months' figures \$41m of unrealised investment gains earned in the third quarter by Eagle Star. Mr Garraway said that it would be "unrealistic" to include the \$41m in view of the exceptional fall in share prices.

There might have to be "some roll-back" in the £109m of unrealised investment gains which Eagle Star declared for the six months to June 30, Mr Garraway added.

Eagle Star also made a provision of \$5m in the third quarter figures against possible losses arising from last month's UK hurricane. BAT said Eagle Star is covered by reinsurance against 85 per cent of any storm losses exceeding \$5m.

The decision over the Eagle Star figures, coupled with concern over the impact on BAT of a falling dollar and a possible drop in US consumer spending, helped weaken the group's shares which closed down 24p at 448p.

Group after-tax profits for the nine months were £647m, before minorities of £46m. Earnings per share increased 15 per cent to 40.84p.

Total group tobacco turnover at constant exchange rates was \$6.19bn (£6,065bn). But the figures showed a continuation of trends set in the first half, with BAT's US subsidiary, seeing its domestic cigarette market share slipping to 10.5 per cent.

But BAT said its lower US volumes were "more than compensated by dramatic growth in international business."

BAT has been pushing deep into the Japanese imported cigarette sector, where it now has a 25 per cent market share. In retailing, nine months' global turnover at constant exchange rates fell by \$300m to \$2,940m. BAT said that the US trading environment "remained difficult with a weakening level of consumer spending."

Mr Garraway also voiced uncertainty about the possible pre-Christmas performance of the group's US retailing chains, which include New York-based Saks Fifth Avenue and Chicago-based Marshall Field. "We are all biting our fingernails and holding our breaths about how successful our businesses will be," he said.

## Kwik Save in Dairy Farm deal

BY NICK TAIT

Dairy Farm International, the Hong Kong-based food retailing, manufacturing and wholesaling group, has agreed a "standstill" arrangement with Kwik Save, the Prestatyn-based discount food retailer in which it acquired a 25 per cent stake in July.

Under the agreement, the Hong Kong company is barred from making a general offer for Kwik Save - or from disposing of its stake "other than through widely distributed market sales" - until April 1989.

In return, the two companies are exchanging directors: Mr Owen Price and Mr Rodney Leach, from Dairy Farm, are joining the Kwik Save board, and Mr Ian Howe, Kwik Save's chairman and chief executive, is taking up a seat in the Dairy Farm boardroom. DF could, however, raise its interest to 25.9 per cent, but says there are no current plans to do so.

Yesterday, Kwik Save - which opposed Dairy Farm's partial tender offer for its 25 per cent stake during the summer - said that a dialogue had been established, that the two companies had seen each other's operations,

and that they were looking at ways to co-operate in the future.

The deal was announced yesterday as Kwik Save unveiled pre-tax profits 10.4 per cent higher at \$46.6m - its 17th consecutive profits increase. Sales (excluding VAT) rose 8.2 per cent to \$296.1m, with volume gains accounting for around 1 per cent, just under 6 per cent coming from new stores and about 1.5 per cent from price increases.

During the year, Kwik Save estimates that it lost £10m-worth of sales and £1m-plus in profits through an industrial dispute at its distribution depot. This has been resolved and directors expect cost-savings to ensue, but store openings have been delayed and, with shoppers deterred by lack of stock, it has only been "in the last month or so" that trading has fully recovered.

The figures benefit from a 8.3 per cent increase in concessionaire income, but net interest earned fell from £2.8m to £1.7m, as interest rates declined. The company ended the year with a \$24m cash balance.

A further 57 stores were

opened during the year, taking the total to 517 and increasing sales area by 12 per cent. Eight new stores were in the Greater London area - part of Kwik Save's steady push south.

comment

Profit-wise, Kwik Save remains almost as reliable as ever, although the impact of industrial action was more prolonged than expected, the estimated £1m-plus profit damage did not divert the company seriously from its analysts' forecasts. Unfortunately, in share price terms, the agreement with Dairy Farm removes any short-term speculative bias and unless recession really bites - in which case Kwik-Save must be the ultimate defensive stock - it is difficult to see much excitement ahead. Nevertheless, the shares, down 6p to 276p yesterday, stand on a prospective P/E of 12 (assuming \$1m-\$5m pre-tax this year). That represents a modest discount to the sector overall - which, given the new-found popularity of defensive performers, seems a trifle grudging.

## DDT down sharply at six months

DDT Group, computer service and maintenance company, reported sharply decreased pre-tax profits at £111,000 in the six months to September 30 1987 compared with £253,000 for the corresponding period last year.

This was on increased turnover of £3.54m (£3.31m). Operating expenses rose to £1.07m.

The chairman said that the board had undertaken a total review of activities and where appropriate had acted to improve efficiency and performance. The company looked forward to continued expansion.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Bessett Foods -int	2.07	Feb 2	1.95	-	7.24
Cable & Wireless -int	2.5	Mar 31	2.05	-	5.55
Canotech -fin	1.37	Jan 29	0.33	2.08	0.39
Chancery Sec -int	1.81	Jan 21	1.1	-	3.3
Continental -int	2.70†	Jan 11	2.4	-	9.5
Grovenall Whitley -fin	3.54	Feb 6	3.2	6.5	6.5
Grennell Whitley -fin	0.7	Feb 6	0.64	1.3	1.1
Hewettson -int	1	Mar 30	-	-	1.7
Hogg Robinson -int	1.8	-	-	-	-
Hoggs Food -int	0.35†	Apr 20	-	-	0.5†
Kwik Save -fin	4.7	-	4.2	6.8	6
Magnet & Schurz -int	2.5	Feb 26	2.3	-	-
Mercury Asset -int	3	Dec 17	-	-	-
Powerscreen -int	1	-	-	-	-
Vibroplant -int	4.25	March 4	3.54	-	10.4
Warburg (S.G.) -int	3.5†	Dec 17	3	-	10
York Trust -int	0.45	Jan 18	nll	-	1

Dividends shown pence per share net except where otherwise stated. †Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. †US\$ stock. †Unquoted stock. †Third market. †Limited voting rights. †A: 15p. †15p period.

## Radio City in the black

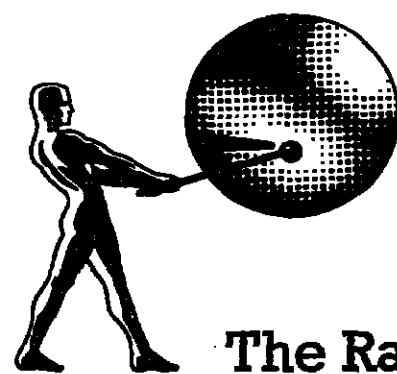
Radio City (Sound of Merseyside) made an operating profit of £400,000 for the year to September 30 1987 compared with last year's loss of £94,000.

Earnings per share worked out at 7.88p (£5.35p loss) and turnover rose from £2.98m to £2.87m.

There was an extraordinary loss of £227,000 (£40,000) representing the final write-off of the Beattie City operation.

## Yearlings

Yearling bonds totalling £0.75m at 9 1/2 per cent, redeemable on November 30 1988, have been issued by the following local authorities: Northavon District Council £0.25m; Allerdale Districts Council £0.5m.



## The Rank Organisation Plc

£450,000,000  
Multiple-Option Facility

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National Westminster Bank PLC

Lead Managed by

Barclays Bank PLC

Amsterdam-Rotterdam Bank N.V.

Credit Lyonnais, London Branch

The Fuji Bank, Limited

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The Royal Bank of Canada

The Sanwa Bank, Limited

Société Générale, London Branch

Managed by

Banca Nazionale del Lavoro, London Branch

The Bank of New York

Co-Managed by

Banque Nationale de Paris, London Branch

Istituto Bancario San Paolo di Torino

TSB England &amp; Wales plc

Citibank, N.A.

Midland Bank plc

Additional Tender Panel Members

Banque Paribas (London)

Kleinwort Benson Limited

Morgan Guaranty Trust Company of New York

The Sumitomo Bank, Limited

Swiss Bank Corporation

Agent Bank

International Westminster Bank PLC

November 1987

## S.G. WARBURG GROUP plc

Unaudited results for the six months ended 30th September 1987  
Interim Dividend

	Six months ended 30th September	
	1987	1986
	£000	£000
Profit before taxation (but after transfers to banking inner reserves)	76,832	38,115
Earnings attributable to Ordinary shareholders	45,883	23,966
Earnings per share	28.2p	15.8p
Interim Dividend	3.5p*	3.0p

\*on enlarged capital

In the six months under review, the Group achieved excellent improvements in the results of U.K. equity issuing, distribution and trading activities, U.K. and international corporate finance and foreign exchange dealing; Mercury Asset Management had an outstanding first half. Our general banking, international financing, overseas advisory, treasury and Stock Exchange money broking operations maintained good progress. Our fixed interest trading worldwide had to contend with difficult and excessively competitive market conditions, whilst our international equity distribution and trading operations continued to bear significant build-up costs during the period.

We continue to expand our activities in a number of areas, including securities research and distribution and corporate financial advice. We are establishing new operations in Toronto and Geneva and have reached agreement in principle with Bactot-Allain-Farria S.A., a leading firm of French stockbrokers, to acquire progressively the whole of its share capital once this is permitted under French law.

Whilst the out-turn for the first six months was significantly better than we had anticipated, we have seen since then a precipitous decline in equity prices worldwide, hectic foreign exchange markets and the unprecedentedly large B.P. Offer for Sale in extremely unsettled conditions. We make no apology for repeating that it is impossible to forecast the year's results. Our business has inevitably been adversely affected by the sharp change in the financial climate since 19th October. Nevertheless, apart from the after-tax cost to the Group of the B.P. Offer for Sale, in which we played a major role, of £8 million, our overall results for the year to date are ahead of the business plan which we prepared at the beginning of our financial year. The spread and balance of our Group enable us to face difficult conditions with confidence.

Disclosed capital and reserves have increased by £197.3 million to £579.2 million (31st March, 1987 £381.9 million). Total disclosed capital resources now exceed £715 million.

David Scholey  
Chairman

S.G. Warburg &amp; Co.

Warburg Securities

Mercury Asset Management



## UK COMPANY NEWS

## Cable and Wireless profit hit by adverse exchange rates

BY HEATHER FARMBOUGH

Cable and Wireless yesterday blamed the adverse effects of currency translation for a rise of only 8 per cent in interim pre-tax profits from £160m to £168m in the six months to September 30. Trading profits were up by 16 per cent from £128m to £143m, but would have been £14m higher without the adverse currency movements.

Turnover rose from £438m to £467m while earnings per share were 10.7p (9.5p). The interim dividend increased by 10 per cent from 2.05p to 2.26p. Shareholders will again be offered a scrip dividend as an alternative to cash.

Trading profits in Asia and the Pacific, about 75 per cent of the group total, were up 21 per cent to £127m (£105m). Trading

profit from the Middle East fell from £16m to £3m. The strongest improvement in trading profit came from North America and the Caribbean, which showed a 60 per cent increase from £16m to £24m.

In the UK, there was a trading loss of £5m (£3m) but the company expects a trading profit over the next six months. Agreement has been reached with the French and Portuguese telephone companies for the first submarine fibre-optic cable to be laid from the UK and then to Portugal.

The company has already invested £25m in Mercury over the first half, in addition to £94m in Hong Kong. Capital expenditure for the year is expected to be about £400m.

Gearing has improved from 24 per cent in March to 17 per cent. The tax charge has fallen by 30 per cent to £33m.

Mr Gordon Owen, joint managing director, blamed delays by British Telecom for slowing down Mercury's progress. "British Telecom is exceptionally slow in installing network for interconnection," he said.

A spokesman for British Telecom said: "We are currently studying several cases where Mercury is claiming delays. We have not been able to install all the connections because of the overwhelming demand for telecommunications from all our customers."

"The Government announced last night that British Telecom's monopoly on telephone boxes is to be ended."

## Bassett up 14% to over £2m mid term

MR BEV STOKES, chairman

of Bassett Foods, yesterday reported a 13.8 per cent increase in interim profits to £2.12m at the pre-tax level.

Sales for the period to October 16 pushed ahead from £41.22m to £44.52m generating trading profits of £2.52m (£2.33m). Pre-tax figures benefited from a £61,000 reduction in interest charges to £407,000.

Earnings rose to 11.76p (10.35p) and the interim dividend is being lifted from 1.95p to 2.07p.

Mr Stokes said sales of the rebranded flagship brand, Liqueur Allsorts, showed an improvement and the strong performance shown by B V De Faam in the second half of last year had continued during the opening half of the current year.

Elsewhere, Anglo Bellamy Wilkinson had traded solidly but Ernest Jackson, the medicated confectionery subsidiary, did not achieve the results expected.

Bassett Foods International suffered volume declines in some overseas areas but its continuing strengths in Scandinavia had enabled it to improve its contribution.

## Hughes Foods surges past £2m

STRONG trading performance arising both from the organic growth in its existing activities and acquired businesses were reflected by a sharp rise in taxable profits at the fast-growing Hughes Food Group in the six months to September 25.

The company, which is an integrated food company with interests in food-processing machinery, cold storage and ice, fish processing and other food processing and is quoted on the USM, lifted profits from £1.02m to £2.01m on turnover up from £13.13m to £21.95m.

After paying almost doubled charges of £674,000, earnings per 5p ordinary share rose from an adjusted figure of 1.21p to 2.16p. In June the company announced a £15.6m rights issue

to wipe out borrowings and fund acquisitions.

Mr John Hughes, chairman, said that as the benefits of the company's capital investment and development programmes, allied with the acquisition strategy came through into profits he looked forward to a successful outcome to the current year.

Profits by division showed: fish, £716,000 (£428,000); food processing, £104,000 (£37,000 loss); refrigeration, £284,000 (£367,000); and machinery and construction, £898,000 (£255,000).

Mr Hughes said that the current development of the group had been concentrated on expanding its fish-processing activities geographically to ensure that the group was sourcing

from all major fish markets. The development of the fish division since the year end had been concentrated in Scotland with the most significant acquisition being of G. Anderson for £4.5m in October.

Minorities took £11,000 (nil)

## • comment

Hughes Food seems to be going for the world, as soon as possible. It has made more than 15 acquisitions since it joined the market in July last year, and has delivered profits growth to match - the half-year profits announced yesterday were nearly double what the company made in the whole of 1986. (Merger accounting added only 15 per cent to the figure.) The

company's success is based on Mr John Hughes' realisation that fish is fashionable in a health-conscious era, and the acquisitions have given Hughes a presence all the way along the fish chain, from fishing and filleting to freezing. Although refrigeration profits were down because of the poor pea harvest, this was more than offset by machinery refurbishment, where pre-tax profits jumped by 238 per cent. The company seems on course for £5m, putting the shares, unchanged yesterday at 85p, on a p/e of nearly 19. Acquisition-driven growth will be harder in post-crash conditions - but Hughes has already bought one company this month using shares and more will certainly follow.

## Ex-chairman quits Anchor Chemical

BY NIKKI TAIT

Anchor Chemical, the Manchester-based specialist chemicals which saw a 29.5 per cent stake snapped up by a potential predator, Air Products, earlier this week, yesterday received the resignation from the board of Mr Henry Just, the company's former chairman.

Mr Just's US-based Leksi company was the seller of the long-standing stake which Air Products picked up. The Leksi disposal brought swift and whole-hearted criticism from

Anchor, with the UK company complaining that Mr Just had previously given assurances that the interest was not to be sold without prior consultation.

Yesterday, Anchor said that it had requested Mr Just's resignation, and received it in the early afternoon.

Anchor directors added that they expected to meet in Manchester today one of the potential "white knights" which have expressed an interest in the company following the Air Products move. They declined, however,

to disclose the name of the company - apparently already an Anchor shareholder and a UK quoted group. Directors maintained that there have been four expressions of interest since Monday.

Anchor directors have already met Air Products, and contact between the two companies' advisors is continuing. The Air Products stake was acquired at 500.5p a share; yesterday Anchor shares added 2p to 605p.

## WCRS buys worldwide sports events promoter

BY FIONA THOMPSON

WCRS Group, the fast-growing communications concern, has acquired through its subsidiary Alan Pascoe Associates, a holding company set up to bring together a number of exclusive marketing rights to sports events.

The new company, Pascoe Nally International (PNI), will be based in the UK and cover international sports meetings. Mr Patrick Nally, the sports promoter, is to be managing director.

WCRS will pay an initial \$50,000 in cash for PNI. Further consideration of up to \$10m in WCRS ordinary shares may be payable in seven tranches between 1989 and 1995 dependent on PNI's future profits.

PNI's portfolio includes the exclusive marketing rights for the European Athletics programme, including the 1990 championships, the 1990 Commonwealth Games in Auckland and the World Games in West Germany in 1989.

## AJS/Drayton Japan

AJS Partners, the New Jersey-based investor which last week put forward utilisation proposals to the MDI-managed Drayton Japan investment trust, yesterday announced that it has increased its stake by around 1 per cent to 18.98 per cent in the wake of Drayton's rebuff. AJS currently holds 8.9m ordinary shares and 415,653 preference.

Extracts from the Chairman's Report and the Accounts presented at the 91st Annual General Meeting held in Manchester on 25th November 1987.

Year ended 30th June:	1987 £	1986 £
Profits before taxation	2,887,113	2,266,986
Taxation	(946,058)	(578,124)
Minority Interest	(3,552)	(18,536)
Extraordinary Item	110,574	(219,159)
Profit for year	2,048,077	1,451,167
Earnings per year	1740p	1526p
Net dividends per share	13.00p	12.00p
Net Assets per share	293.57p	277.49p

Extract from the Chairman's Report

"The prospects for the current year are encouraging and I am confident that the profits will show a further increase."

## TRAFFORD PARK ESTATES PLC

Estate Office,  
Trafford Park Road, Trafford Park,  
Manchester M17 1AU.

## GUS THE GREAT UNIVERSAL STORES PLC.

Record profits, earnings, dividends and net assets per share.

■ The principal activities of the Group are catalogue shopping, Burberry products, retail trading, finance, property, business information services, manufacturing and export.

■ Earnings per stock unit including realised property profits increased from 75.55p last year to 91.99p. Dividends total 24.5p per stock unit (1986 21p) covered some 3.7 times.

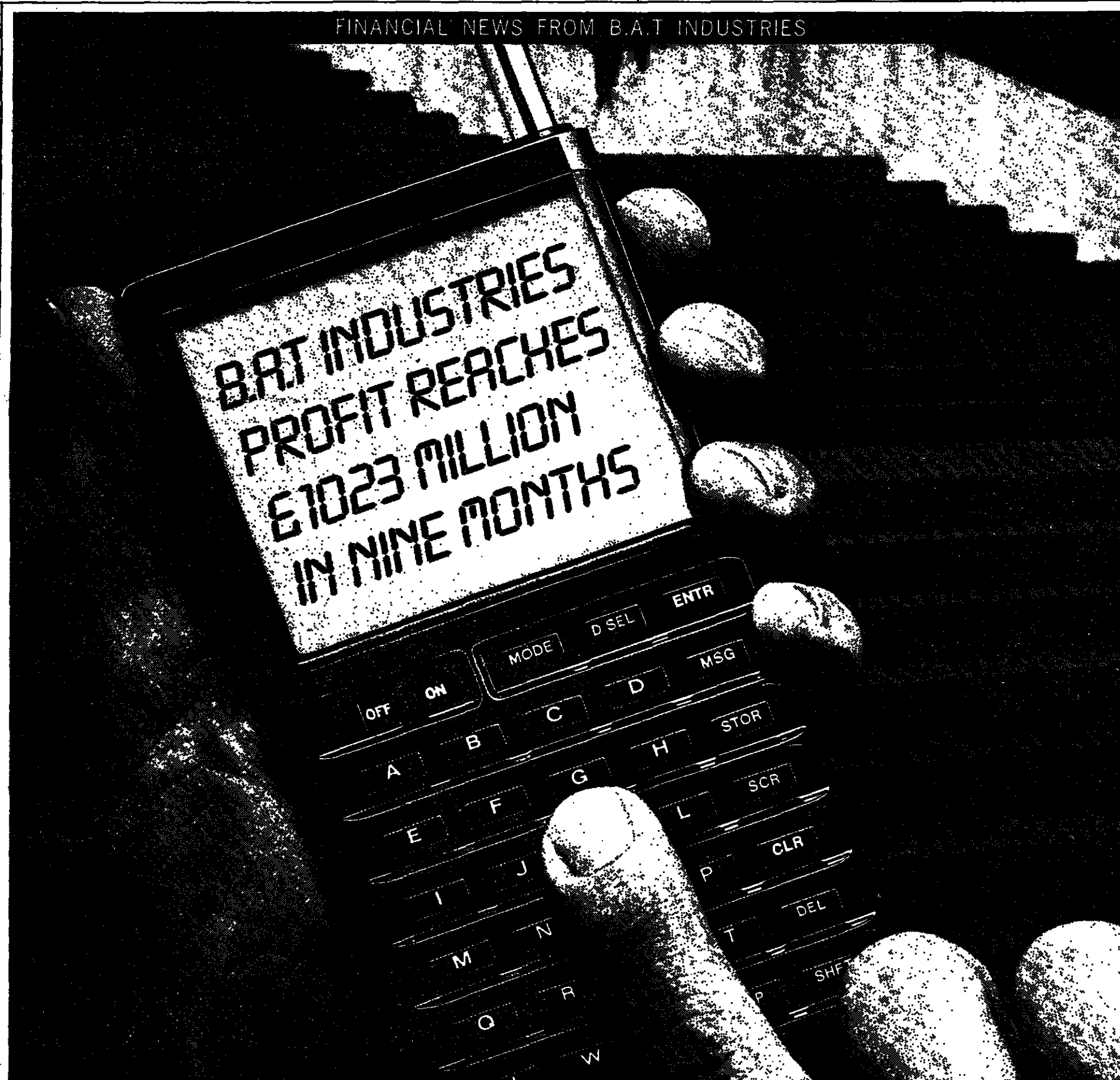
■ The unaudited results for the first 5 months of the current year indicate a further improvement in both profit before tax and earnings per stock unit.

Comparative figures to 31st March	1987 £m	1986 £m
Turnover (excluding VAT)	2,386.1	2,290.9
Profit before taxation	346.0	287.7
Taxation	114.1	108.2
Retained profit	171.6	137.4
Net current assets	1,369.1	1,284.6
Ordinary Stockholders' funds	1,844.2	1,818.3

1986 figures are based on 2,000 full time staff; 1987 figures are based on 2,000 full time staff and 1,000 part time staff.

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## NINE MONTHS RESULTS

£1 = \$1.63 at 30.9.87 (\$1.48 at 31.12.86)

	9 months to September 1987	9 months to September 1986	Change
PRE-TAX PROFIT	£1023m	£882m	+16%
EARNINGS PER SHARE	40.34p	35.02p	+15%

• Rate of growth has slowed from mid-year. • Continued strong performance from tobacco. • Growth from financial services moderated by exclusion of investment gains in third quarter. • Recent economic events could have significant impact on results. • "The Group has strong liquidity and is well-positioned to meet difficult times."

**BAT INDUSTRIES**  
FINANCIAL SERVICES • RETAILING • PAPER • TOBACCO

The full quarterly report is being posted to shareholders and copies are available from the Company Secretary, BAT Industries p.l.c., Windsor House, 50 Victoria Street, London SW1H 0NL.

# VIBROPLANT

CONTRACTORS' PLANT HIRE

Interim Statement  
30th September 1987

TURNOVER	£17.16m	UP 30%*
PROFIT BEFORE TAX	£3.78m	UP 43%*
EARNINGS PER SHARE	33.59p	UP 43%*

\*Adjusted to reflect bonus issue

Chairman Mr Jeremy Pilkington tells shareholders:

"In the UK earnings are ahead by some 40% with both our general plant and specialist divisions benefiting from strong demand in all major sectors of the construction industry.

The performance of our US companies has been very satisfactory and American Aerial Lift, our new acquisition in South Florida, has moved strongly into profit in its first full six months of trade.

Trading conditions since September have continued to be very strong and I anticipate being able to report full year's figures which will reflect a similar rate of improvement to that made last year.

The Board has declared an interim of 4.25p nett on enlarged capital in accordance with commitment made in the Annual Report.

\*as compared with the six months to 30th September 1986.

Copies of the full interim statement can be obtained from the Secretary.

VIBROPLANT PLC  
Prospect Road, Starbeck, Harrogate, Yorkshire HG2 7PW

## OPPENHEIMERS

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This announcement appears as a matter of record only



BUNZL plc

US \$250,000,000  
Multiple-Option Facility

Arranged by  
National Westminster Bank PLC

Underwritten by  
National Westminster Bank Group  
Credit Lyonnais, London Branch  
Swiss Bank Corporation

Mellon Bank  
TSB England & Wales plc

Barclays Bank PLC

Algemene Bank Nederland N.V.  
Westdeutsche Landesbank Girozentrale

Chemical Bank

National Australia Bank Limited

Toronto Dominion Bank

Banco di Napoli

Additional Tender Panel Members

Deutsche Bank Aktiengesellschaft, London Branch  
The Mitsubishi Bank, Limited  
The Sanwa Bank, Limited  
The Tokai Bank, Limited

Philadelphia National Limited  
The Sumitomo Bank, Limited  
S.G. Warburg & Co. Ltd.

Agent Bank  
International Westminster Bank PLC

November 1987

## UK COMPANY NEWS

### Courtaulds beats market expectations with £102m

BY ALICE HAWTHORN

Courtaulds, the textiles, chemicals and industrial products group, yesterday announced a 25 per cent increase in pre-tax profits to £102.2m for the first half of the financial year, on turnover which rose by 6 per cent to £1.16bn.

Sir Christopher Hogg, chairman, said that the "tremendous knock" to financial confidence in recent weeks was certain to have taken its toll on Courtaulds and other companies within the manufacturing sector. He described the group's approach to future investment as one of "increased caution".

Nevertheless Courtaulds had, he said, made "real progress" in its development in the first half of the year. Trading conditions within acrylic fibres and part of the textiles business had become more difficult, he said, but these difficulties had been countered by progress in other parts of the group.

These interim profits, which were slightly higher than the stock market's expectations, benefited from the continuation of last year's unusually strong performance from Courtaulds in the



Sir Christopher Hogg

fibres division for the opening months of the year and the last month's decline in year-on-year costs of some of the textile subsidiaries with those of the rest of Courtaulds.

Sir Christopher warned that these special factors meant that the rate of profits growth was not necessarily indicative of the

likely pace of progress for the full financial year.

The fibres division, which performed exceptionally well last year, suffered from weaker demand, especially in Western Europe, and the gradual increase in raw material prices for Courtaulds. Nevertheless margins improved in some businesses.

Textiles was dogged by more difficult trading conditions, yet most businesses succeeded in improving margins. Woodpulp benefited from higher dollar pulp prices. Production at the South African woodpulp plant was disrupted in September by flooding, but has since returned to normal.

The chemicals division was buoyed up by higher sales of acetate products and the inclusion of Fochergill & Harvey, but the carbon fibres market proved difficult. The benefits of past restructuring, filtered through to coatings. All the films and packaging businesses grew strongly, except Cellophane. Courtaulds' earnings per share rose to 19.7p (18.9p). The board proposed to pay an interim dividend of 2.75p.

See Lex

### Greenall offsets beer decline

BY FIONA THOMPSON

Greenall Whitley, the Warrington-based public house operator, hotelier and brewer, yesterday reported profits ahead by 11 per cent for the year ended September 25, 1987, in spite of a continuing decline in beer sales.

Pre-tax profits were £38.19m, against £35.38m last year, on turnover also up 11 per cent at £429.59m (£387.41m).

"These are not 'over the moon' figures, but they are solid and we are reasonably satisfied," said Mr Andrew Thomas, managing director. "We had a year of reorganisation costs, the cool, wet summer was not good for beer, and the recovery in US hotel profits was not as strong as we had hoped it would be."

Operating profits were £50.82m (£44.58m). On a divisional basis, beer businesses - breweries and earnings from the company's 600 managed public houses - contributed £34.87m, up 11.4 per cent.

The 30 UK hotels showed a 25 per cent rise at £11m, while the six US hotels contributed \$405,000 (£247,000). Other businesses - including producing Vla-

divar vodka, cider and soft drinks, operating 300 off licences, a fruit machine company and a chain of 12 leisure centres offering fun pubs, snooker and bingo - accounted for £5.68m (£5.02m).

A £1.5m exceptional charge due to redundancy costs for 160 employees of the rationalised Warrington and Nottingham breweries, and an extraordinary debit of £1.75m to cover costs of closing the Warrington in Shropshire next February. Tax took £11.78m (£10.58m).

Earnings per limited voting share were 19.6p (18.9p). A dividend of 6p (5.5p) per LV share has been proposed.

comment

On the downside, about half of

Greenall's profits come from beer sales in the chronically depressed market, not a great place to be selling beer at the moment. Volume has declined by 1 per cent this year, and the company has lost market share to Allied Lyons' Tescy Walker.

In addition, the postponement of the Labatt lager launch till next February has not raised confidence, nor has the still delayed recovery in the US hotels side.

That said, the UK hotels are looking good, with particularly strong performances from the Belfry in the West Midlands and the Grand in Brighton, and the leisure centres a growth area. A pre-tax profits forecast for this year of £44m puts them on a low prospective p/e of 8, reflecting the market's disappointment.

### Air Europe challenges ruling on BCal takeover

BY RAYMOND HUGHES, LAW COURT'S CORRESPONDENT

LAWYERS for Air Europe will go to the High Court today to begin the independent airline's challenge to the decision of the Monopolies and Mergers Commission that British Airways' revised bid for British Caledonian would not be against the public interest.

Air Europe, which is owned by International Leisure Group, a UK travel company, will apply for leave to seek judicial review of the decision with a view to having it quashed.

### Camotech profits fall to £0.29m

Pre-tax profits of Camotech, manufacturer of automotive products and plastics, tumbled 23 per cent from £578,000 to £228,000 in the year to August 31 although turnover was higher at £6.54m compared with £6.81m.

The final dividend is 1.37p making a total of 2.06p compared with the single payment of 0.83p for 1986/87.

The company came to the USM in July 1986 but moved to the Third Market in September rather than missing the opportunity of acquiring Fort Hill Aircraft Holdings for £4.6m. Camotech was advised that under Stock Exchange rules the acquisition would make the combined group ineligible for the USM quote because Fort Hill's accounts had been qualified for the year to March 31 1986.

### Chancery Secs

Chancery Securities, USM-quoted financial services group, topped taxable profits from a restated figure of £1.04m to £1.62m in the six months to September 30 and said that the buoyant start to the second half augured well for the full year.

After paying tax of £528,000 (£298,000), earnings per ordinary share rose from 4.3p to 6.4p. The directors declared an interim dividend of 1.8p (1.1p). They said that Bracken & Godard, Chancery's stockbroking subsidiary, had a strong first half.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividend, and are not intended as a guide to whether the dividends are payable or not and the shareholders should refer to the company's annual report for further details.

TODAY  
Intertec - EPS Industries, British Telecommunications, Wm. C. Cullen, Centex, The American International, Hamilton Sims and Coggins, VBS, Egon, Wey International, Meriton Thompson and Everett, Mowbray International, Ferry and Gals, Redfern, Robinson International, Pines - Montreal, TSB Channel Islands.

FUTURE DATES  
Intertec - Dec 2  
EPS - Dec 2  
Wm. C. Cullen - Dec 2  
The American International - Dec 2  
Hamilton Sims and Coggins - Dec 2  
VBS - Dec 2  
Egon - Dec 2  
Wey International - Dec 2  
Meriton Thompson and Everett - Dec 2  
Mowbray International - Dec 2  
Ferry and Gals - Dec 2  
Redfern - Dec 2  
Robinson International - Dec 2  
Pines - Montreal - Dec 2  
TSB Channel Islands - Dec 2

### MEPC lifts asset value 21% to 533p

BY PAUL CHIESERIGHT, PROPERTY CORRESPONDENT

MEPC, the second largest British property investment and development group, yesterday announced a 57 per cent increase in pre-tax profits and a 21 per cent increase in its net asset value.

The announcement helped to steady the prices of property issues on the stock market and MEPC rose from its overnight level of 425p. Its price is standing at a slightly lower discount to net asset value than the sector average.

Results for the year to September were at the top end of City estimates. Profits were £80.2m compared with £58.4m in 1986-1987, helped by six months' earnings of £13.5m from Oldham Estate, the group once controlled by Mr Harry Hyams and now 98.8 per cent owned by MEPC.

Shareholders are to receive a proposed final dividend of 9.75p, making total payments for the year of 13p, compared with 11.5p for 1986-87. Earnings per share were 19.2p against 16.5p the previous year.

The group's net asset value has risen to 533p a share from 440p a year earlier. This reflects both the strength of the property market and the inclusion of the Oldham portfolio which was purchased on the basis of September 1986 values and has risen in value on average by the same

percentage as the original MEPC portfolio.

The total value of MEPC's investment and development properties is now put at \$2.44bn. Net rental income came to \$114.5m, up from \$91.5m the previous year, as the group rode the buoyant market, particularly in London and the south-east. Worldwide the vacancy rate at its properties is 2 per cent.

MEPC has a £900m development programme and enough work on hand to keep it going for at least five years. Mr Robin Adam, the chairman, said he expected "a continuing increase in profits."

comment

MEPC figures show why it is classified as a solid defensive stock at a time of uncertainty on the equity market. Its properties are diverse and its gearing at about 40 per cent gives it financial flexibility. This year there will be a 12-months contribution from the Oldham portfolio as well as income from new developments coming on stream. But the figures will suffer from the downturn of the Australian dollar. That said, the net asset value should rise to about 600p, and pre-tax profits of about £100m look on the cards. Brokers are looking for earnings per share of 20.5p which give a prospective p/e of 20.9.

### Powerscreen soars to £6.9m at interim stage

Powerscreen International, manufacturer and marketer of aggregate processing plant and crushing equipment, reported a substantial increase from £3.85m to £6.95m in pre-tax profits in the six months to September 30 1987.

Group turnover rose from £21.7m to £27.04m, and new chairman Mr P.R. Dougan said he believed that prospects were encouraging. He was confident that the group was well-placed to

continue its growth and expansion.

He said the board was actively considering the position of J.C. Abbott & Co which deals with the merchandising and distribution of solid fuels within the Powerscreen group.

There was an extraordinary debit of £163,000 (£348,000 credit), and that represented the net deficit arising on the sale of Dorey Comet Coal, a subsidiary.

### Public Works Loan Board rates

Years	Effective Nov. 25		Non-quota loans A* Repaid		at maturity
	by EIP	by EIP	by EIP	by EIP	
1	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
2	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
3	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
4	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
5	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
6	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
7	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
8	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
9	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
10	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
11	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
12	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
13	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
14	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
15	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
16	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
17	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
18	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
19	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%
20	8 1/2%	8 1/2%	8 1/2%	8 1/2%	9%

\*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. \*Fixed instalments of principal. \*1. Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). \*2. With half-yearly payments of interest only.

### Change of Address



ORION ROYAL BANK LIMITED

A member of The Royal Bank of Canada Group

### Fiscal and Paying Agency Department

Notice is hereby given that, with effect from 30th November, 1987, the Fiscal and Paying Agency Department of Orion Royal Bank Limited will move to:

71 Queen Victoria Street  
London EC4V 4DE

Telephone: 01-489 1177

Telex: 8811837, 887701

## BASSETT FOODS plc

### Interim Results

28 weeks ended 16th October, 1987

	*1987	*1986
	£000	£000
Sales	44,824	41,219
Profit before tax	2,116	1,860
Earnings	1,628	1,486
Dividends per share	2.07 pence	1.95 pence
Earnings per share	11.76 pence	10.82 pence

- ◆ Liquorice Allsorts successfully relaunched with national TV campaign.
- ◆ Pre-tax profits up 14%.
- ◆ Continued progress from the Dutch company, BV De Faam.
- ◆ Earnings up by 10%.

Handwritten signature/initials



## UK COMPANY NEWS

## Magnet cautions on full year

BY DAVID WALLER

Magnet, the Yorkshire-based kitchen and bedroom furniture maker and retailer, yesterday announced a 21 per cent increase in interim profits to £25.04m - but warned that profits for the full year would be dented by a provision for the cost of making 10 per cent of its workforce redundant.

Mr Gordon Brown, finance director, said that a provision of more than £1m is to be taken 'above the line' in the full year as a result of sacking between 500 and 600.

Although the redundancies

arise from a perceived slowdown in demand for Magnet's products, the company is proceeding apace with its plans to convert its chain of depots into retail outlets.

During that period, the engine of growth was the manufacturing and retailing division, where operating profits rose 24 per cent to £23.8m (£18.84m) on turnover ahead by a similar percentage to £146.56m (£118.07m).

Earnings per share rose from 7.4p to 8.7p, and the interim dividend has been lifted from 2.2p to 2.5p.

## • comment

Magnet is a former wonder stock fallen on hard times. First, there was the dramatic downgrading of full year profit forecasts at the end of September, which caused the shares to plummet by 26 per cent in three days. Then news of a possible fraud at the company's headquarters in Kesteven which, although immaterial in profit terms, did much to cloud sentiment further. Now the redundancies. All three events highlight a yawning gap between the City's understanding of this per-

ticular animal and commercial reality. It is simply not very easy to transform a company from being a builders merchant to a dandy retailer, as Magnet discovered in June when it had to discount heavily to shift stock manufactured in anticipation of demand that failed to materialise. That margins remained stable overall in the first half suggesting recovery in following months - but in the post-crash environment, investors remain leery of the company's optimism. The shares are on a prospective multiple of under 10, assuming £56.5m for the full year.

## York Trust surges to £3.3m at six months

THE substantial development recently at York Trust Group, an investment holding company, is reflected in the results for the opening half in the six months to September 30 1987, pre-tax profits of this USM company soared from a restated \$819,000 to \$2.25m on turnover up from \$2.66m to \$7.71m.

Mr Neil Balfour, the chairman, said the highly satisfactory result was a product of the substantial development of the group, and he said all activities had contributed to profits.

He expected the group, despite present unsettled conditions, to continue its excellent progress in 1988.

Since the year-end, York had completed the acquisitions of LCP and Park Place Finance and had established York Australia in Sydney.

LCP, which is the largest broker on LIFFE and which has an overwhelmingly institutional client base, has produced excellent profits since its acquisition in July.

An interim dividend of 0.45p (all) is being paid.

## Redpath Inds reaches C\$60m at year-end

Redpath Industries, Tute & Lyle's major Canadian subsidiary, increased pre-tax profits by 12 per cent to C\$69.8m (\$25.4m) in year-end results announced yesterday. Turnover rose 17 per cent to C\$680m.

Increased production at the Western Sugar Company of Denver, Colorado, and favourable raw sugar trading opportunities at Redpath Sugars in Canada contributed significantly to the year's results which saw post-tax profits increase 16 per cent to C\$81.7m.

## Plantation Trust

The major fall in stockmarket prices during October has reduced The Plantation Trust's assets by 20 per cent, the directors said when introducing the interim results.

Net asset value increased 21 per cent from 109.65p on March 31 to 132.46p on September 30 1987. Diluted net asset value rose from 107.27p to 122.33p. The figures take account of the company's £2.24m rights issue in July.

The comparable figure on September 30 1986 was 79.87p (89.41p diluted).

## N. Sea Assets seeks £6m to fund rescue package

BY CLAY HARRIS

North Sea Assets, an Edinburgh-based investment group, is to raise £6m in new equity to fund a rescue package for its British Underwater Engineering subsidiary, which was heavily hit by the collapse in the oil price early last year.

Sir Ian MacGregor, former chairman of British Steel and British Coal, is to become non-executive chairman of NSA. The proposal, which will allow a refinancing agreement with BUE's creditors to proceed, are intended to avoid NSA being forced to sell other oilfield services investments. Such disposals would be unlikely in any case to raise enough cash to solve BUE's problems.

NSA yesterday launched a two-for-one rights issue at 50p to raise £4.8m before expenses. The London-based subsidiary of Gylenhammar and Partners, the Swedish investment bank, will subscribe £1.2m in new equity at the same price.

At least £2.5m of the total raised will be injected directly into BUE, in which at present it holds 78.5 per cent of ordinary shares and 85.9 per cent of preferred shares.

Creditors have agreed to forgive £5.9m of the £23.7m in debt



Sir Ian MacGregor... adding industrial expertise.

and lease obligations outstanding at September 25. They will also receive convertible redeemable shares and warrants. British Shipbuilders will assume responsibility for 40 months for the repayment of one £4.1m loan.

NSA said the package, arranged by Lazard Brothers, would also enable it to make further investments as opportuni-

ties arose. The planned appointment of Sir Ian, of which shareholders have been given special notice because he is 76 years old, reflects NSA's determination to add industrial expertise to its board.

Mr David James, former executive chairman of the engineering and printing company Central & Sherwood, took over yesterday as chief executive. Also to be appointed as a non-executive director is Mr Ted Kalborg, Gylenhammar managing director and a former project engineer for Brown & Root's marine construction activities with responsibility for the Norwegian sector of the North Sea.

Ivory & Slime, the Edinburgh investment group, plans to terminate its management contract with NSA after the proposals are approved, although it will continue to advise the company for a transitional period.

NSA shares yesterday lost 13p to 37p on the return from suspension. The new shares to be issued will have a par value of 5p, and NSA is applying to have the 50p nominal value of its existing shares reduced to this level. This will reduce its share capital by £10.8m.

See Men and Matters

## Hogg Robinson advances by 34% to top £8m at halftime

BY NICK BUNKER

Hogg Robinson yesterday marked its first set of results as an independent travel, transport, property and financial services group with a 34 per cent jump in pre-tax profits to £8.07m for the six months to September 30. The shares lost 9p to close at 199p.

After providing for start-up costs Hogg's 14-month old but rapidly-growing estate agency network led £1.13m into group profits on turnover of £7.3m.

Profits from the group's 300-branch travel agency division rose substantially to £5.95m. On the transport side profits were £1.26m (£1.1m), while financial

services made £767,000. After tax and minorities of £2.57m and extraordinary items of £557,000, attributable profits were £4.64m. Earnings per share grew 20 per cent to 10.55p. Hogg declared an interim dividend of 1.8p per share.

## • comment

Hogg spent £281,000 to fight off TSB's ill-judged bid this summer, and its demerger from the Hogg Robinson & Gardner Mountain insurance broking group consumed another £278,000. These were minor irritants in fine figures deserving better even from a twitchy market than

the swift 9p mark-down of the stock. With a debt-free balance sheet and £16m of central funds left after its £35m capital-raising share issue this summer, Hogg has the wherewithal to build its already-flourishing property services arm to a planned 160 outlets by mid-1988. True, Hogg's estate agencies and business and holiday travel side would be vulnerable to any slump in consumer or corporate spending; but the plunge in Hogg's shares from a pre-crash high of 389p has left them now on an undemanding prospective multiple of 15, based on forecasts of £13m pre-tax profits for the full year.

Personal Assets  
Personal Assets Trust, investment company, more than doubled pre-tax revenue from £64,000 to £135,000 in the six months to October 31. Net asset value per 12½p ordinary share was 58.1p at the end of the period compared with 50.2p at the same time last year.

Tax took £37,000 (£19,000) and earnings per share rose to 0.65p (0.3p). Total income increased from £182,000 to £225,000.

## Hewetson's £4.8m buy

Hewetson, manufacturer of raised floors and other types of flooring which came to the USM in February this year, coupled the release of its interim results for the six months to September 30 with the announcement of a \$4.84m acquisition.

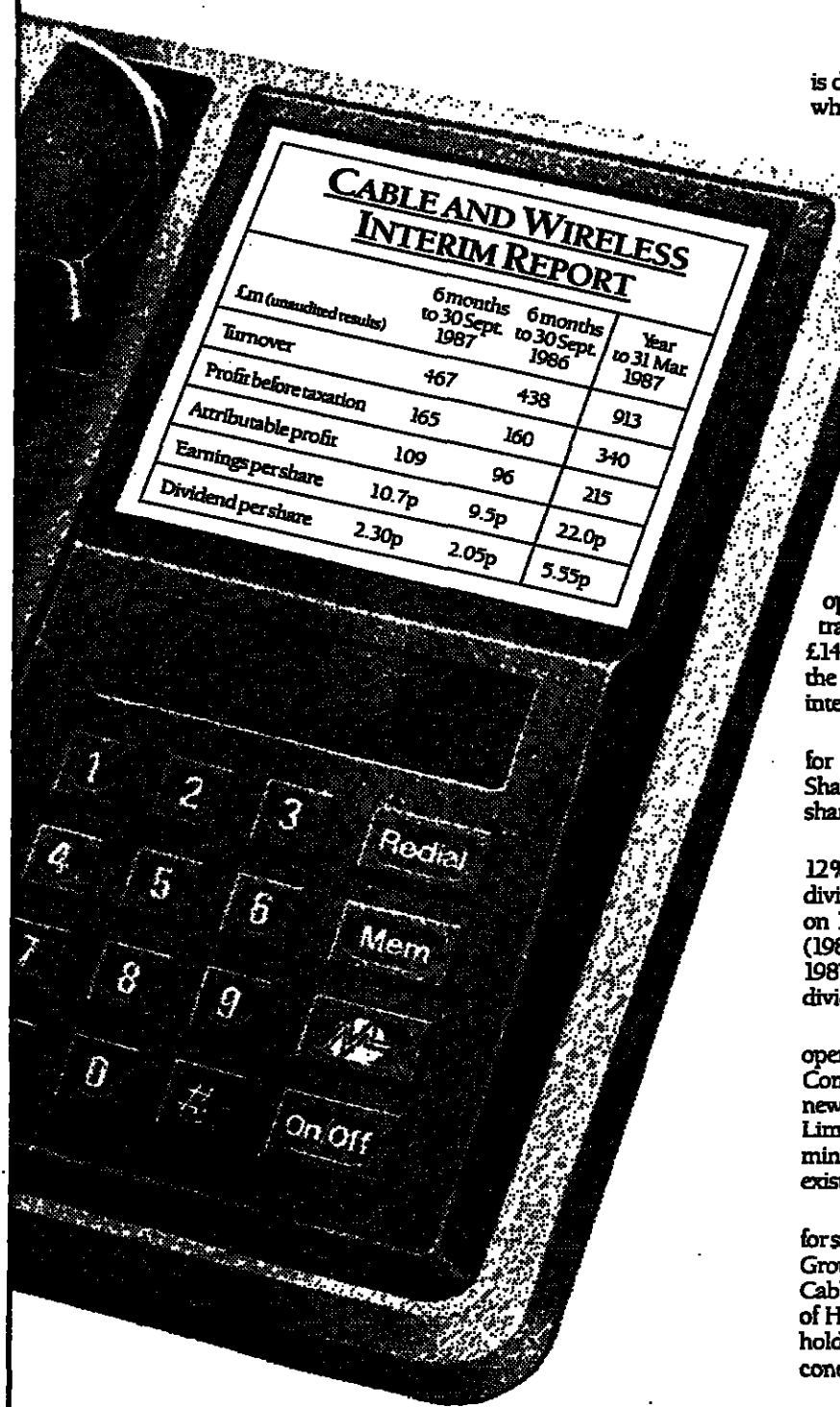
The company is acquiring T L Bennett group for \$2.63m cash, the issue of 900,000 Hewetson ordinary and the issue of 1,300,000 6.205 per cent prefer-

ence shares in three tranches on November 30 in each of the years 1988-1990 inclusive.

In the period under review Hewetson increased its pre-tax profits from £236,000 to £348,000 on turnover of £6.82m (£5.46m). Tax took \$122,000 (\$80,000) leaving earnings of 3.5p (3.1p) per 10p share.

The company is making an interim payment of 1p

## CONTINUED GROWTH IN TRADING PROFIT.



The Cable and Wireless Group, with its partners around the world, is developing the Global Digital Highway, a telecommunications venture which will join together the world's leading economic centres.

Mercury Communications, the Cable and Wireless subsidiary company in the UK, has brought a new quality of service to many thousands of business and residential customers through its advanced digital network.

In the City of London one of the largest fibre optic local distribution networks is being installed, but Mercury is far more than a specialised service to major businesses. It also offers smaller companies a more efficient and cost effective alternative for all their communications needs.

Residential customers, as well, are now discovering how Mercury can cut the costs of their telephone calls and improve quality of service at the same time. Mercury is becoming a dynamic competitor in the UK market and is now positioned to take significant market share over the next few years.

The Directors of Cable and Wireless plc report the following unaudited results for the six months ended 30 September, 1987.

The growth of earnings in the currencies in which the business operates remains strong as evidenced by the improvement in regional trading profit of 16% despite adverse movements in exchange rates of £1.4m. The continuing capital investment programme required to meet the Group's major corporate objectives has resulted in a reduction in interest and other income of £15m.

Profit before tax of £165m is an improvement of 3% over the £160m for the equivalent period in 1986. The profit attributable to Ordinary Shareholders increased by 14% to £109m (1986 - £96m). Earnings per share increase by 13% from 9.5 pence to 10.7 pence.

The Directors have declared an interim dividend - increased by 12% - to 2.30 pence per Ordinary Share (1986 - 2.05 pence). The dividend will be paid on 31 March, 1988 to shareholders on the Register on 17 December, 1987. The cost of the interim dividend is £23,460,000 (1986 - £20,822,000). In accordance with the resolution passed at the 1987 Annual General Meeting Shareholders will again be offered a scrip dividend as an alternative to cash.

The Group is proceeding with its objective of restructuring its operations in Hong Kong by merging its subsidiaries, Hong Kong Telephone Company Limited and Cable and Wireless (Hong Kong) Limited, into a new holding company to be called Hong Kong Telecommunications Limited. Subject to approval of the Hong Kong Telephone Company minority shareholders, the new company is expected to come into existence in early 1988.

The restructuring is separate and distinct from the proposed offer for sale of shares in Hong Kong Telecommunications which, as stated in the Group's announcement of 19 October, is subject to market conditions. Cable and Wireless has continuing confidence in the underlying strength of Hong Kong's economy and remains committed to extending the shareholder base of Hong Kong Telecommunications Limited as soon as market conditions stabilise.

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VEHICLE CONTRACT HIRE

30  
TECHNOLOGY

## How IBM has sent the world of data storage flying

By David Fishlock, Science Editor

TRY TO imagine the problems of flying a big aircraft at 800mph, only 18 inches above a ploughed field.

That is the performance IBM specialists in micro-engineering claim for the read-write head of their latest magnetic disk file. Kestrel, as they code-named the device in development, placed a heavy demand on the scientific resources of IBM, in such diverse disciplines as aerodynamics, micro-magnetics, micro-analysis and laser interferometry.

The result is a new piece of precision mechanical engineering now being assembled at the rate of tens of thousands a year. The scientists even built a "flight simulator" to see just how their read-write head is behaving - how it pitches and rolls - as it flies in pursuit of data packed at the incredibly high density of 26m bits (over 3m characters) per square inch of magnetic disk surface.

"The statistics say this product should not work," contends John Gillett, responsible for assembling the 300-part product at Hants, Hants. It stands on the edge of what is possible from physics today, for example in terms of the height at which the head flies.

Contamination as slight as a particle of face powder or a fingerprint is enough to cause a crash. No operating theatre could match the cleanliness needed on the product's assembly line. Gillett makes the IBM 9335 disk file in what he claims may be the most advanced computer integrated manufacturing (CIM) environment anywhere in the world. The operation is self-improving - it really does learn from its own mistakes.

The development activity was man-

aged by IBM's development laboratory at Hursley, Hants, one of 25 development centres worldwide, specialising in this case in magnetic recording. A team of 150 people worked on Kestrel for three to four years.

Charles Dodman, a physicist specialising in aircraft instrumentation before joining IBM, explains that the performance required from this data store means its read-write head must fly only 11 micro-inches above the aluminium disk. A human hair is 3,000 micro-inches thick - a veritable range of hills on this scale - and even a fingerprint will stand 520 micro-inches proud of the surface.

The store is expected to access its data in an average time of 11 milliseconds, and needs to locate it within 100 micro-inches. This means braking the disk at rates which raise "interesting G-forces," says Dodman.

In fact, acceleration can reach about 30G. Yet IBM guarantees performance of its new disk file for a year, and at the Hursley laboratories they reckon an average time to failure will be nearer six years.

Hursley development teams drew upon both the US research centres of IBM's research division for the science which underpins this high-precision machine. From the Watson Research Centre at Yorktown Heights, New York, came the original inspiration for a new read-write head which broke with tradition by harnessing the science of micro-magnetics.

Micro-magnetics is analogous to micro-electronics - in effect, micro-miniaturised magnetic circuits. IBM itself tells the story of the TV interviewer who introduced the new disk file by saying: "so your boffins have come up with another gismo." The boffin who broke with tradition is a chemical engineer whose inventions have earned him the coveted honour of becoming an IBM research fellow.

Lubomir (Luby) Romankiw had the



Contamination as slight as a particle of face powder or a fingerprint would ruin the performance of IBM's magnetic disk file. No operating theatre could match the cleanliness needed on the product's assembly line, pictured above.

idea of replacing the time-honoured ferrite core with magnetic film. He himself likens the technological leap to that from the post-war point contact transistor to the silicon chip.

To make it, Romankiw first had to grasp the fundamentals of micro-magnetics - a new science - as well as develop processes for making and shaping magnetic films into two-dimensional "coils". Then he had to work out ways of measuring the characteristics of his unique micro-magnetic circuits. Today, he claims, everyone who makes thin-film read-write heads "uses at least some IBM technology."

But initially, he says, he met with great scepticism even inside IBM. Colleagues would suggest ironically that he should first invent "magnetic diamond" (diamond is, of course, not magnetic).

Romankiw's quest goes back to the late 1960s when he first experimented with the electro-deposition of permalloy, the magnetic alloy of 80 per cent nickel, 20 per cent iron. "Up to that time people believed electroplating was good only for chrome car bumpers," he says.

DURING 1969 he learned to plate permalloy with the desired magnetic characteristics. "It sure created a lot of excitement among my co-workers," he says. The last 18 years this inventor has transformed the image of electroplating from "sloppy, unscientific, uncontrollable" into an electrochemical science.

He has also shown how rates of electro-deposition can be raised 1,000-fold by applying chemical engineering principles to the process. One of his latest ideas is to use lasers to beam extra energy down jets of electrolyte, which act as waveguides right to the point where permalloy is plating out.

The laser features again in a microscope Romankiw's group has developed specifically to study the

behaviour of micro-magnetic circuits. This unique instrument makes a laser video of the circuit while it is working, showing for instance how noise is creeping in to erode a head's performance and eventually produce a "dead head".

The customers for Romankiw's ideas are 3,000 miles away in California, in another part of IBM's research division where it concentrates its work into information storage. This research was recently rehoused in the new Almaden Research Centre near San Jose.

Almaden's target is always the next-but-one system of storage, says Frank Mayadas, the centre's director, and one of the inner circle of managers running IBM's research division. Within the division, Mayadas has specific responsibility for all work on magnetic storage.

Will the ubiquitous silicon chip supplant today's intricate mechanical systems of storage, such as the new disk file? "It will not happen - even in storage - for a long time," Mayadas forecasts confidently.

Mechanical storage evolved as the cheapest way of storing data. Even potential future systems such as optical storage are still going to be mechanical devices.

"What we want to do is to get to the point where all design of storage devices is done in a computer," he says. Then the designer need never be surprised by, for example, an unforeseen resonance that suddenly intrudes.

Helmer Susner runs Almaden's research into storage, managing a team of over 130 - the biggest single research effort at this centre - with his sights set up to 15 years ahead. It is a sector of IBM research which has expanded rapidly in the 1980s.

As a physicist, Susner says he sees the crucial interface between the flying head and the recording disk simply as a microminiature air bearing.

"Our job is to understand the basic characteristics that make this air bearing tick."

His aim is to give the air bearing the characteristics that will simplify the tasks of making and inspecting a production-line version. Susner's computer simulation of events at the interface amplified on a video screen, is so realistic the stomach lurches sickeningly when the head is having a bumpy ride. Shallow pockets etched in the head - like dimples in the golf ball - can be used to vary the lift.

SUSNER is confident that magnetic storage, although currently up against the limits of physics, still has considerable development potential as the science unravels.

For micro-magnetics, he says, he can foresee the equivalent of 100-megabit silicon chips. He forecasts storage track widths, now 15 micro-inches, narrowing to only 1 micro-inch - "how, we are not yet certain." The present gap of 11 micro-inches between track and flying head will shrink to 1 micro-inch or less. And he believes that the magnetic characteristics of the system will remain constant down to atomic dimensions.

Only this week Almaden disclosed it had demonstrated experimental disks that can pack in data at densities 50 times greater than the disks IBM sells today.

Signal processing - the electronic side of storage - is also extremely demanding of science. As Frank Mayadas says of the error rate, "If we get one number wrong the system won't sell. Get one number wrong in a computer disk and you probably won't hear it."

"My job," says Helmer Susner, "is to show that there are scientific challenges as great as you will ever find in a university, the solution to which is important to IBM."

Last Thursday's Technology Page looked at the management of IBM's basic research programme.

## Twin push for medical diagnostics revolution

By Louise Kehoe

A MARRIAGE of electronic and bioengineering technology has produced a system that promises important breakthroughs in some of the most pressing medical diagnostic problems, including the early and accurate detection of the AIDS virus.

Cetus, one of the leading US biotechnology companies, and Perkin-Elmer, a major producer of laboratory instrument and semiconductor production equipment, have joined forces to produce what they call a "gene amplification system", an electronically controlled instrument that automates the process used to replicate genes.

"This will revolutionise the field of microbiology," claims John Slinn, senior scientist and director of diagnostics at Cetus. He sees the pace of research being dramatically accelerated by the use of the automated system.

The first commercial application of the system will be to develop a diagnostic test for the deadly AIDS virus. Cetus is currently developing the test as part of its collaborative agreement with Eastman Kodak of the US and expects to be ready to apply for US Federal Drug Administration approval early next year.

But the automated gene cloning system could also have a wide range of other applications, according to Cetus. A diagnostic test for leukemia is already under development. In addition the system may prove valuable in detecting genetic disorders such as sickle cell anemia, muscular dystrophy, cystic fibrosis and hemophilia, as well as genetic predisposition to diseases such as diabetes.

The biotech process, called polymerase chain reaction (PCR), was developed at Cetus. It enables microbiologists to produce millions of copies of a target strand of DNA, the hereditary basis of life. Like natural cell division, PCR creates millions of copies of a chosen DNA strand.

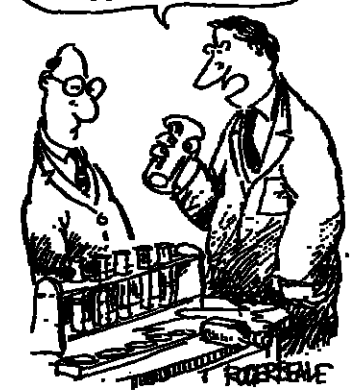
The Cetus researchers explain that the key challenge they face is to find minute "target" strands within the total DNA. Finding the target is like searching for a needle in a haystack. Using PCR, however, they can find the target sequences, leaving other DNA sequences untouched. In

other words, they are able to go into the haystack, find the one needle they are looking for and make millions of copies of it, in effect creating a new stack comprising of only target needles.

Using the new automated system, this process can be greatly speeded up. While it has previously taken weeks to produce, say, a billion copies of a selected DNA strand, the same process can now be achieved in a matter of two or three hours.

This is a major breakthrough for genetic engineering researchers who are expected to widely

WHO USED THIS STUFF LAST? IT'S GOT GENETIC FINGERPRINTS ALL OVER IT!



adopt the new equipment as a tool to be used in the cloning of new proteins.

Another potential application for the system is in forensic analysis where minute samples of, for example, human hair could be matched to the unique DNA structure of an individual.

Similarly, the method could be applied to tissue typing for organ transplants and paternity determination. Perkin-Elmer, which will manufacture and sell the automated gene amplification system, anticipates that it will find broad acceptance in research institutions and throughout the biotechnology industry.

For the electronic instrumentation company, the introduction of one of the first instruments specifically designed as a biotech tool represents an opportunity to establish itself as a primary supplier to this emerging industry.

## Enlightenment in one fell swoop

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Tel: (0781) 34071,  
Telex: 752768 (CCL D),  
Fax: (0781) 35172.



## Company Notices

## WESSANEN

An extraordinary General Meeting of Shareholders will be held at the Marriott Hotel, Stadhouderlaan 21, Amsterdam on Wednesday, 9th December 1987, commencing at 2.30 p.m.

The agenda, the sole item on which is an appointment to the Board of Managing Directors, is available for inspection from today at the Company's offices, Prof. E.M. Meijer, 2, Amsterdamse Schiedamschedijk, 2, Amsterdam. Holders of shares, depositary receipts for shares and bonds may obtain copies free of charge from the Amsterdam-Rotterdam Bank N.V. Herengracht 597, Amsterdam.

The meeting will be open to holders of shares and depositary receipts, and to representatives of the Press upon the production of their Press pass.

As provided for in Article 28, Clauses 2 and 3, of the Articles of Association, Shareholders and other persons who are entitled to vote may attend the meeting and speak or cast their vote, or may be represented by a proxy duly authorised in writing, provided that written notification of their intention so to do is received by the Board of Managing Directors by 4th December 1987 at the latest.

As provided for in Article 28, clauses 6 and 7, of the Articles of Association, holders of depositary receipts for shares may attend and speak at the meeting, or may be represented by a proxy duly authorised in writing, provided that they lodge their depositary receipts, or a certificate issued in lieu thereof, with the above-named bank 4th December 1987 at the latest.

The Board of Managing Directors 24th November 1987  
Koninklijke Wessanen N.V.  
P.O. Box 410, 1180 Amsterdam, The Netherlands

KENWOOD CORPORATION  
US\$ 35,000,000  
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BONDS 1991  
WITH WARRANTS

In respect of the above two issues, notice is hereby given that the 25th day of November 1987, is the date of the closing of the books of the Corporation for the purpose of determining the holders of the above securities who are entitled to vote at the meeting of the Corporation to be held on the 30th day of November 1987, at 10.00 a.m. in New York City, New York, for the purpose of electing directors and for the purpose of voting on the resolution to amend the Charter of the Corporation.

Each Shareholder is entitled to one vote for each share owned. Each Bondholder is entitled to one vote for each bond owned. Each Warrant is entitled to one vote for each warrant owned. The votes of the Shareholders, Bondholders and Warrant holders shall be counted by the Corporation.

THE KENWOOD BANK, LTD.  
Principal Place, London, E.C.4A, 5A  
Principal Place, London, E.C.4A, 5A

EVERARDS BREWERY LIMITED

NOTICE is hereby given that the creditors of the above-named company, which is being voluntarily wound up, are required, on or before the 31st day of December 1987, to send in their full and complete list of claims, particulars of their claims, and the names and addresses of their creditors (if any), to the undersigned PATRICK GRANVILLE WHITE of 2 Wardrobe Place, Carter Lane, London EC4A 5AJ the Liquidator of the said company, and, if so required by notice in writing from the said Liquidator, to come in and prove their claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such claims are proved.

Dated the 19th day of November 1987.  
PATRICK GRANVILLE WHITE Liquidator

## Legal Notice

IN THE MATTER OF MEDICARION LTD AND IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113, NOTICE IS HEREBY GIVEN that the creditors of the above-named company, which is being voluntarily wound up, are required, on or before the 31st day of December 1987, to send in their full and complete list of claims, particulars of their claims, and the names and addresses of their creditors (if any), to the undersigned PATRICK GRANVILLE WHITE of 2 Wardrobe Place, Carter Lane, London EC4A 5AJ the Liquidator of the said company, and, if so required by notice in writing from the said Liquidator, to come in and prove their claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such claims are proved.

Dated the 19th day of November 1987.  
PATRICK GRANVILLE WHITE Liquidator

## Public Notices

IN THE MATTER OF TERRINGTON HORTICULTURAL SUPPLIES LIMITED AND IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE is hereby given that the creditors of the above-named company, which is being voluntarily wound up, are required, on or before the 31st day of December 1987, to send in their full and complete list of claims, particulars of their claims, and the names and addresses of their creditors (if any), to the undersigned PATRICK GRANVILLE WHITE of 2 Wardrobe Place, Carter Lane, London EC4A 5AJ the Liquidator of the said company, and, if so required by notice in writing from the said Liquidator, to come in and prove their claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such claims are proved.

Dated the 19th day of November 1987.  
PATRICK GRANVILLE WHITE Liquidator

## INVESTOR'S GUIDE TO THE STOCK MARKET

By Gordon Cummings

The 'Big Bang' has brought changes that affect the strategy and market operations of private investors, both old hands and newcomers. Computerised investment trading and advice accentuate the need for D-I-Y research, knowledge, and share dealing to avoid becoming an impersonal cog in robot-controlled operations.

Completely revised and updated in the light of the 'Big Bang', this edition is the essential handbook for those who manage their personal capital and savings in the stock market. The author, Gordon Cummings, a chartered accountant, draws on over 50 years' experience as an active investor, financial commentator and investment advisor to explain the workings of the stock market, and how to profit from it the D-I-Y way, as he has done successfully.

For the new or potential investor, it provides an invaluable introduction to the procedures and procedures of the market; how to set up and manage an investment portfolio and how to make the best use of your capital.

Contents  
1 No mystique about the Stock Exchange  
2 Stocks and shares  
3 The dealing business  
4 Buying and selling  
5 Paper work is important  
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8 Finance matter  
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11 Sharing the equity  
12 The changing market  
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15 Other issues  
16 Takeovers and mergers  
17 Some specialised markets  
18 Natural resources - a basic investment  
19 Going foreign parts  
20 Investment and unit trusts  
21 Good watch prevents misfortune  
22 Those dreaded taxes  
Investor's glossary - Index  
Published November 1988.

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Since GT was formed in 1969, we have specialised in international investment.

And we have always believed that the only way to invest effectively is by having a thorough understanding of the markets in which we operate.

That's why we have established a network of investment offices in Europe, the USA, Japan, Australia and the Far East.

As well as providing detailed local knowledge, our international network of offices also gives us a unique global view of financial change and stockmarket development. This is becoming increasingly important as the world's economies become increasingly interdependent.

Our approach to investment obviously works.

Today, GT manages over US \$6 billion of equities and bonds for private investors and institutional clients all around the world.

Just as we need up-to-date and on-the-spot information to make our investment decisions, so we believe an increasing number of investors and their advisers also require a high level of information and service.

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In order to extend our service to European investors, we have opened three new offices in the last eighteen months and will shortly be opening a fourth in Luxembourg.

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In Guernsey we provide information about our many open-ended funds to financial advisers in Spain and Southern Europe, and to all private investors entitled to purchase them.

Our new Luxembourg office will assist financial advisers throughout Northern Europe.

If you'd like more information about what is happening in world markets and the wide range of services offered by GT, please write to the appropriate office as shown below.



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# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

### Dollar's tone stays weak

THE DOLLAR finished weaker after a nervous day. Trading was volatile but thin, keeping the currency in a narrow range, as the foreign exchanges remained sceptical that the US budget cutting package would produce long term benefits for the dollar. Speculation about a cut in the West German discount rate followed this week's reduction in various official rates, providing some support for the dollar. Mr Gerhard Stoltenberg, West German Finance Minister, also helped lift the dollar off its floor, with forecasts of measures to boost growth in the Federal Republic.

In the short term there was a reluctance to trade, ahead of today's Thanksgiving Day holiday in the US, but in the longer term the market doubted that the US budget cuts were large enough to encourage dollar supporting measures from the Group of Seven.

The dollar fell to DM1.6676 from DM1.6875, to SF1.7176 from SF1.7385, and to Y134.70 from Y135.50.

On Bank of England figures the dollar's index fell to 95.9 from 96.5.

STERLING-Trading range against the dollar in 1987 is 1.7950 to 1.4710. October average 1.6620. Exchange rate index rose 0.4 to 75.8, compared with 73.8 six months ago.

Sterling rose against the dollar, and was also slightly firmer against other major currencies in quiet trading. The pound was on

the sidelines, but gained underlying support from Tuesday's good UK trade figures and no sign of any cut in London interest rates.

Sterling rose 2 1/2 cents to DM2.9925 from DM2.97; to SF2.1550 from SF2.1350; to Y241.60 from Y240.25.

D-MARK-Trading range against the dollar in 1987 is 1.9300 to 1.6500. October average 1.8011. Exchange rate index rose 1.3 against 147.5 six months ago.

West Germany made further moves to support the dollar yesterday, by lowering interest rates and promoting ideas on economic expansion, but the US currency remained weak. At the Frankfurt close the dollar had fallen to DM1.6715 from DM1.6835 on Tuesday.

A cut in the three-day Treasury bill rate, the level at which the Bundesbank absorbs excess liquidity in the money market, to 3 p.c. from 3.20 p.c., led to speculation about an early cut in the West German discount rate.

This helped lift the dollar from its early morning lows. The US dollar's index received support from the Bundesbank's action to

fully replace an expiring securities repurchase agreement, and encouraging remarks from Mr Gerhard Stoltenberg, West German Finance Minister, about economic expansion.

At the fixing the Bundesbank bought \$13.8m when the dollar was set at DM1.6794, compared with DM1.6830 on Wednesday.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 154.20. October average 148.37. Exchange rate index rose 23.2 against 224.9 six months ago.

The yen was little changed against the dollar. Long term sentiment towards the dollar was bearish, but dealers were content to square positions ahead of the US Thanksgiving Day holiday, seeing little prospect of a sharp move in the immediate future.

The Bank of Japan indicated it has no plans to follow Europe with a cut in interest rates, and it was doubted that reaction to the US budget cuts was favourable enough to produce a dollar supporting package from any Group of Seven meeting.

The dollar closed at Y134.50 in Tokyo, compared with Y134.90 on Tuesday.

## FINANCIAL FUTURES

### Gilt prices slightly weaker

Gilt prices finished lower in the London International Financial Futures Exchange yesterday. Early quotations reflected a fall in the US bond market overnight but values were marked up during the morning on news of a further fall in West German interest rates.

However another decline in US bond prices tended to pull gilt prices down from the day's highs so that the price for December delivery finished at 120-08 and an opening price of 120-30 and compared with 121-06 at the close on Tuesday.

US bond prices were lower mainly as a result of a weaker

dollar. Trading became less clear ahead of today's closure of US markets for Thanksgiving Day and fears that the latest proposals to reduce the US budget deficit would face considerable opposition in Congress.

In short traders experienced a temporary phase of relief that some sort of reduction had been agreed but the longer term outlook remained less than bullish.

While European markets reacted favourably to cuts in European interest rates, US traders were less than convinced, especially after suggestions that US authorities had not fulfilled their part of the Louvre accord.

US Treasury bonds opened at 88-20 for December delivery in London and finished lower at 88-04, well down from Tuesday's close of 88-28.

Three-month sterling deposits finished little changed. Cash rates were a little firmer where changed, showing some reaction to comments by Mr Nigel Lawson, UK Chancellor of the Exchequer, which suggested that US interest rates may have to be increased.

The December sterling price opened at 91.11 and traded between a high of 91.19 and a low of 91.10 before finishing at 91.12 compared with 91.14 on Tuesday.

Symbol	Call	Put	Settle
11/15	1.34	1.24	1.29
11/20	1.34	1.24	1.29
11/25	1.34	1.24	1.29
11/30	1.34	1.24	1.29
12/5	1.34	1.24	1.29
12/10	1.34	1.24	1.29
12/15	1.34	1.24	1.29
12/20	1.34	1.24	1.29
12/25	1.34	1.24	1.29
12/30	1.34	1.24	1.29

Symbol	Call	Put	Settle
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12/5	1.34	1.24	1.29
12/10	1.34	1.24	1.29
12/15	1.34	1.24	1.29
12/20	1.34	1.24	1.29
12/25	1.34	1.24	1.29
12/30	1.34	1.24	1.29

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12/15	1.34	1.24	1.29
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12/30	1.34	1.24	1.29

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12/15	1.34	1.24	1.29
12/20	1.34	1.24	1.29
12/25	1.34	1.24	1.29
12/30	1.34	1.24	1.29

## IN NEW YORK

Nov 25	Latest	Previous
1 month	1.7225-1.7275	1.7200-1.7300
3 months	1.7225-1.7275	1.7200-1.7300
6 months	1.7225-1.7275	1.7200-1.7300
12 months	1.7225-1.7275	1.7200-1.7300

Forward premiums and discounts vary by US dollar.

Source: Reuters, London, 11.11.87

STERLING INDEX

Nov 25	Latest	Previous
10.00	75.8	75.4
11.00	75.8	75.4
12.00	75.8	75.4
1.00	75.8	75.4
2.00	75.8	75.4
3.00	75.8	75.4
4.00	75.8	75.4

Source: Reuters, London, 11.11.87

CURRENCY RATES

Nov.25	Bank rate %	Special Drawing Right	European Currency Unit
Starting	6	0.75626	0.669749
U.S. Dollar	1	1.7554	1.7503
Canadian \$	8.75	1	1.11828
Australian \$	1	1.34950	1.43508
Swiss Franc	1	67.4747	49.1163
Danish Krone	1	2.2421	1.76571
Deutsche Mark	3	2.2421	1.76571
French Franc	1	2.2421	1.76571
Italian Lira	120	7.5478	7.00088
Japanese Yen	24	182.30	153.46
Spanish Peseta	1	162.30	166.553
Portuguese Escudo	200	17.871	17.871
West German Mark	1	138.95	138.95
Swedish Krona	1	7.4604	7.4604
Yugoslav Dinar	1	132.625	132.625
Czech Koruna	200	132.625	132.625
Irish Punt	1	0.77450	0.77450

\*CSDR rate for Nov.25 1.7425



## EUROPEAN OPTIONS EXCHANGE

Series	Vol	Val	Vol	Val	Vol	Val	Vol	Val	Vol	Val
GOLD C	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465
GOLD C	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465
GOLD C	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465
GOLD C	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465
GOLD C	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465
SILVER C	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
SILVER C	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
SILVER C	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
SILVER C	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
SILVER C	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700

## BASE LENDING RATES

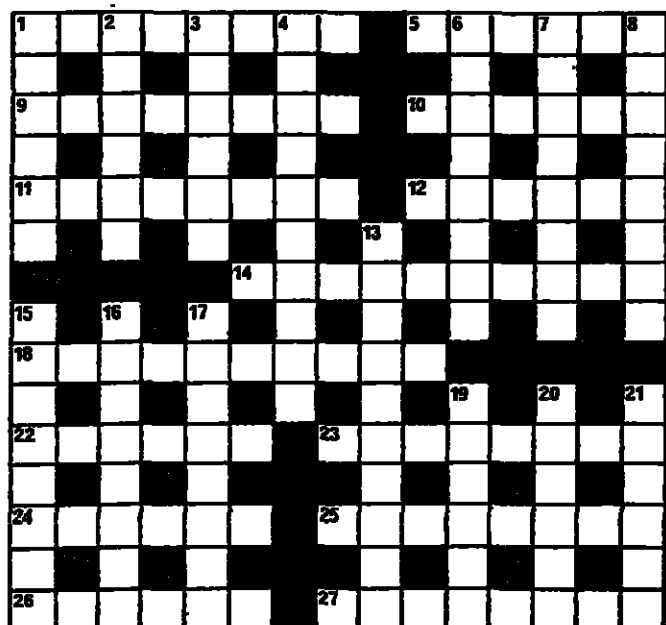
Bank	Rate	Bank	Rate	Bank	Rate	Bank	Rate
ABN Bank	9.50	Charterbank Bank	9.50	Ind. Bk. of Amer.	9.50	Ind. Bk. of Amer.	9.50
Admiral Bank	9.50	City Bank	9.50	Ind. Bk. of Amer.	9.50	Ind. Bk. of Amer.	9.50
Admiral Bank	9.50	City Bank	9.50	Ind. Bk. of Amer.	9.50	Ind. Bk. of Amer.	9.50
Admiral Bank	9.50	City Bank	9.50	Ind. Bk. of Amer.	9.50	Ind. Bk. of Amer.	9.50
Admiral Bank	9.50	City Bank	9.50	Ind. Bk. of Amer.	9.50	Ind. Bk. of Amer.	9.50

**TURKISH BANKING & INDUSTRY**  
The Financial Times proposes to publish this survey on  
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For further information please contact:  
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Tel: 5221304/5277084  
Address: Yali Kosku Caddesi,  
Vakif Yalikosku Han,  
Kat 3 No. 301 Sirkeci, Istanbul.

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

## FT CROSSWORD No.6,492

SET BY GRIFFIN



- ACROSS**
- Count it if rewriting scribbled messages (8)
  - Peripatetic master for pupil group (6)
  - Thing designed to shock flir (8)
  - Gorge, having duck in a canny mixture (6)
  - It's wrong to put "fries cakes" (5,5)
  - Nov takes 10 in poor Peter's case (6)
  - Possibly see Bill returning cushion during romp (8)
  - Not the upright type (6)
  - Cutting into soft ice, grin flashily (8)
  - Say retreating regiment returns before dawn? (8)
  - Having appointment to go round school, set off (8)
- DOWN**
- Damaged green front door into sea class (8)
  - Left in to irritate bank worker (6)
  - Put on record "but beheaded in vain" (8)
  - Change model train on moving round (10)
- ACROSS**
- Tube for administering saline drips? (8)
  - Say "play an eccentric North African" (8)
  - Kingdom having church in Roman style (8)
  - Belligerent Greaves is turned out around midnight (10)
  - Liking small monkey around (8)
  - Deduction for inverted pockets with buttons (8)
  - Ping-pong alcoholic drink containing 50% butter (8)
  - Bob could be tough about one taking nothing (4-2)
  - Degree to which rain damaged yacht station (8)
  - Stars beating blind dog (6)
- SOLUTION TO PUZZLE No.6,491**
- ACROSS**
1. DANGER
  2. CUSHION
  3. BUT
  4. GRIFFIN
  5. FRIES
  6. PETER
  7. BILL
  8. UPRIGHT
  9. GRIN
  10. DAWN
- DOWN**
1. DANGER
  2. CUSHION
  3. BUT
  4. GRIFFIN
  5. FRIES
  6. PETER
  7. BILL
  8. UPRIGHT
  9. GRIN
  10. DAWN

## AUTHORISED UNIT TRUSTS

Trust Name	Manager	Assets	Liabilities	Net Assets	Units	Price
Abney Unit Trust	Abney Unit Trust Ltd	£1,000,000	£1,000,000	£0	1,000,000	0.00
Abney Unit Trust	Abney Unit Trust Ltd	£1,000,000	£1,000,000	£0	1,000,000	0.00
Abney Unit Trust	Abney Unit Trust Ltd	£1,000,000	£1,000,000	£0	1,000,000	0.00
Abney Unit Trust	Abney Unit Trust Ltd	£1,000,000	£1,000,000	£0	1,000,000	0.00
Abney Unit Trust	Abney Unit Trust Ltd	£1,000,000	£1,000,000	£0	1,000,000	0.00

Chances!



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## LONDON SHARE SERVICE

**UNIT TRUST NOTES**

Prices are in power units; otherwise indicated and their equivalents are shown in U.S. dollars. Yield figures are net of federal income taxes. Price of certain debt insurance mutual plans subject to capital gain or loss. A different price includes all expenses. In Total operating price, C Yield based on offer price. E Embedded yield; assuming price at distribution end of UK term. F Forward rate; see page 60. G Simple premium. H Interest. I Different price. J Different price. K Asset's commission. L Different price includes all expenses except fund manager's. M Previous day's price. N Current price. O Suspended. P Yield before Jerry tax. Q Subsidized; not fully available to charitable institutions.



## LONDON SHARE SERVICE

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214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	
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792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	
809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	
826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	
843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	
860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	
877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	
894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	
911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	
928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	
945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	
962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	
979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	
996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	
1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	
1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	
1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	
1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	
1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	
1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	
1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	
1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	
1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	
1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	
1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	
1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	
1217	1218	1219	1220	1221	1222	1223	1224	1225	1226	1227	1228	1229	1230	1231	1232	1233	
1234	1235	1236	1237	1238	1239	1240	1241	1242	1243	1244	1245	1246	1247	1248	1249	1250	
1251	1252	1253	1254	1255	1256	1257	1258	1259	1260	1261	1262	1263	1264	1265	1266	1267	
1268	1269	1270	1271	1272	1273	1274	1275	1276	1277	1278	1279	1280	1281	1282	1283	1284	
1285	1286	1287	1288	1289	1290	1291	1292	1293	1294	1295	1296	1297	1298	1299	1300	1301	
1302	1303	1304	1305	1306	1307	1308	1309	1310	1311	1312	1313	1314	1315	1316	1317	1318	
1319	1320	1321	1322	1323	1324	1325	1326	1327	1328	1329	1330	1331	1332	1333	1334	1335	
1336	1337	1338	1339	1340	1341	1342	1343	1344	1345	1346	1347	1348	1349	1350	1351	1352	
1353	1354	1355	1356	1357	1358	1359	1360	1361	1362	1363	1364	1365	1366	1367	1368	1369	
1370	1371	1372	1373	1374	1375	1376	1377	1378	1379	1380	1381	1382	1383	1384	1385	1386	
1387	1388	1389	1390	1391	1392	1393	1394	1395	1396	1397	1398	1399	1400	1401	1402	1403	
1404	1405	1406	1407	1408	1409	1410	1411	1412	1413	1414	1415	1416	1417	1418	1419	1420	
1421	1422	1423	1424	1425	1426	1427	1428	1429	1430	1431	1432	1433	1434	1435	1436	1437	
1438	1439	1440	1441	1442	1443	1444	1445	1446	1447	1448	1449	1450	1451	1452	1453	1454	
1455	1456	1457	1458	1459	1460	1461	1462	1463	1464	1465	1466	1467	1468	1469	1470	1471	
1472	1473	1474	1475	1476	1477	1478	1479	1480	1481	1482	1483	1484	1485	1486	1487	1488	
1489	1490	1491	1492	1493	1494	1495	1496	1497	1498	1499	1500	1501	1502	1503	1504	1505	
1506	1507	1508	1509	1510	1511	1512	1513	1514	1515	1516	1517	1518	1519	1520	1521	1522	
1523	1524	1525	1526	1527	1528	1529	1530	1531	1532	1533	1534	1535	1536	1537	1538	1539	
1540	1541	1542	1543	1544	1545	1546	1547	1548	1549	1550	1551	1552	1553	1554	1555	1556	
1557	1558	1559	1560	1561	1562	1563	1564	1565	1566	1567	1568	1569	1570	1571	1572	1573	
1574	1575	1576	1577	1578	1579	1580	1581										



هنا نحن الأصل

**MINES -- Contd**[illegible][illegible]

Rank	Name	Age	Height	Weight	Time	Points
46	Robert Hume SMU	20	5'8"	145	1:03.5	0.7
47	Wayne	20	5'8"	145	1:03.5	0.7
48	James Hume SMU	20	5'8"	145	1:03.5	0.7
49	John	20	5'8"	145	1:03.5	0.7
50	John	20	5'8"	145	1:03.5	0.7
51	John	20	5'8"	145	1:03.5	0.7
52	John	20	5'8"	145	1:03.5	0.7
53	John	20	5'8"	145	1:03.5	0.7
54	John	20	5'8"	145	1:03.5	0.7
55	John	20	5'8"	145	1:03.5	0.7
56	John	20	5'8"	145	1:03.5	0.7
57	John	20	5'8"	145	1:03.5	0.7
58	John	20	5'8"	145	1:03.5	0.7
59	John	20	5'8"	145	1:03.5	0.7
60	John	20	5'8"	145	1:03.5	0.7
61	John	20	5'8"	145	1:03.5	0.7
62	John	20	5'8"	145	1:03.5	0.7
63	John	20	5'8"	145	1:03.5	0.7
64	John	20	5'8"	145	1:03.5	0.7
65	John	20	5'8"	145	1:03.5	0.7
66	John	20	5'8"	145	1:03.5	0.7
67	John	20	5'8"	145	1:03.5	0.7
68	John	20	5'8"	145	1:03.5	0.7
69	John	20	5'8"	145	1:03.5	0.7
70	John	20	5'8"	145	1:03.5	0.7
71	John	20	5'8"	145	1:03.5	0.7
72	John	20	5'8"	145	1:03.5	0.7
73	John	20	5'8"	145	1:03.5	0.7
74	John	20	5'8"	145	1:03.5	0.7
75	John	20	5'8"	145	1:03.5	0.7
76	John	20	5'8"	145	1:03.5	0.7
77	John	20	5'8"	145	1:03.5	0.7
78	John	20	5'8"	145	1:03.5	0.7
79	John	20	5'8"	145	1:03.5	0.7
80	John	20	5'8"	145	1:03.5	0.7
81	John	20	5'8"	145	1:03.5	0.7
82	John	20	5'8"	145	1:03.5	0.7
83	John	20	5'8"	145	1:03.5	0.7
84	John	20	5'8"	145	1:03.5	0.7
85	John	20	5'8"	145	1:03.5	0.7
86	John	20	5'8"	145	1:03.5	0.7
87	John	20	5'8"	145	1:03.5	0.7
88	John	20	5'8"	145	1:03.5	0.7
89	John	20	5'8"	145	1:03.5	0.7
90	John	20	5'8"	145	1:03.5	0.7
91	John	20	5'8"	145	1:03.5	0.7
92	John	20	5'8"	145	1:03.5	0.7
93	John	20	5'8"	145	1:03.5	0.7
94	John	20	5'8"	145	1:03.5	0.7
95	John	20	5'8"	145	1:03.5	0.7
96	John	20	5'8"	145	1:03.5	0.7
97	John	20	5'8"	145	1:03.5	0.7
98	John	20	5'8"	145	1:03.5	0.7
99	John	20	5'8"	145	1:03.5	0.7
100	John	20	5'8"	145	1:03.5	0.7

[illegible][illegible][illegible][illegible][illegible]

TRADITIONAL OPTIONS		
3-month call rates		
contracts	#	MEI
4-1 year	48	West Coast Bk.
1-3 year	39	P.A.M.
3-6 month	29	Plaza
50 Sep.	66	Polly Pott
50 Dec.	50	Pratt
50 Oct.	37	RAH
50 Sept.	32	South Bay Bnd.
50 Oct.	32	South Bnd.
50 Sept.	32	STL
50 Oct.	32	Stevens
50 Oct.	30	TL
50 Oct.	30	TOR
50 Oct.	30	Union
50 Sept.	28	Union BNA
50 Oct.	28	Trust Pacific
50 Oct.	30	Trust
50 Oct.	30	Wachovia
50 Oct.	30	Wadsworth
50 Oct.	30	Wells

45	Property	
46	Boil Load	38
47	Load Capacity	38
48	MEPV	48
49	Capacity	48
50	CRS	48
51	Boil Production	38
52	Refuel	38
53	Boil Rate	38
54	Boil Time	38
55	Boil Temp	38
56	Boil Pressure	38
57	Boil Temp	38
58	Boil Temp	38
59	Boil Temp	38
60	Boil Temp	38
61	Boil Temp	38
62	Boil Temp	38
63	Boil Temp	38
64	Boil Temp	38
65	Boil Temp	38
66	Boil Temp	38
67	Boil Temp	38
68	Boil Temp	38
69	Boil Temp	38
70	Boil Temp	38
71	Boil Temp	38
72	Boil Temp	38
73	Boil Temp	38
74	Boil Temp	38
75	Boil Temp	38
76	Boil Temp	38
77	Boil Temp	38
78	Boil Temp	38
79	Boil Temp	38
80	Boil Temp	38
81	Boil Temp	38
82	Boil Temp	38
83	Boil Temp	38
84	Boil Temp	38
85	Boil Temp	38
86	Boil Temp	38
87	Boil Temp	38
88	Boil Temp	38
89	Boil Temp	38
90	Boil Temp	38
91	Boil Temp	38
92	Boil Temp	38
93	Boil Temp	38
94	Boil Temp	38
95	Boil Temp	38
96	Boil Temp	38
97	Boil Temp	38
98	Boil Temp	38
99	Boil Temp	38
100	Boil Temp	38

A collection of documents located in given on the London Stock Exchange Report Page







## WORLD STOCK MARKETS

AUSTRIA	November 25	Price	Change
Österreichische	1,100.00	+	1.00
Bank Austria	1,100.00	+	1.00
Erste Bank	1,100.00	+	1.00
Österreichische	1,100.00	+	1.00
Bank Austria	1,100.00	+	1.00
Erste Bank	1,100.00	+	1.00

GERMANY	November 25	Price	Change
Deutsche Bank	1,100.00	+	1.00
Commerzbank	1,100.00	+	1.00
Industriewerk	1,100.00	+	1.00
Deutsche Bank	1,100.00	+	1.00
Commerzbank	1,100.00	+	1.00
Industriewerk	1,100.00	+	1.00

SPAIN	November 25	Price	Change
Banco de España	1,100.00	+	1.00
Caixa de Pensiones	1,100.00	+	1.00
Banco de España	1,100.00	+	1.00
Caixa de Pensiones	1,100.00	+	1.00

JAPAN (Continued)	November 25	Price	Change
Sanwa Bank	1,100.00	+	1.00
Mitsubishi Bank	1,100.00	+	1.00
Sanwa Bank	1,100.00	+	1.00
Mitsubishi Bank	1,100.00	+	1.00

AUSTRALIA (Continued)	November 25	Price	Change
Bank of New South Wales	1,100.00	+	1.00
Commonwealth Bank	1,100.00	+	1.00
Bank of New South Wales	1,100.00	+	1.00
Commonwealth Bank	1,100.00	+	1.00

## CANADA

TORONTO				WE REGRET that Toronto closing prices were not available for this edition due to computer problems.			
Stock	High	Low	Close	Stock	High	Low	Close
720 - AMAL	1,100.00	1,050.00	1,080.00	3000 - Bell Canada	1,100.00	1,050.00	1,080.00
720 - AMAL	1,100.00	1,050.00	1,080.00	3000 - Bell Canada	1,100.00	1,050.00	1,080.00
720 - AMAL	1,100.00	1,050.00	1,080.00	3000 - Bell Canada	1,100.00	1,050.00	1,080.00
720 - AMAL	1,100.00	1,050.00	1,080.00	3000 - Bell Canada	1,100.00	1,050.00	1,080.00

BELGIUM/LUXEMBOURG	November 25	Price	Change
BNP Paribas	1,100.00	+	1.00
BNP Paribas	1,100.00	+	1.00
BNP Paribas	1,100.00	+	1.00
BNP Paribas	1,100.00	+	1.00

FINLAND	November 25	Price	Change
Bank of Finland	1,100.00	+	1.00
Bank of Finland	1,100.00	+	1.00
Bank of Finland	1,100.00	+	1.00
Bank of Finland	1,100.00	+	1.00

ITALY	November 25	Price	Change
Banca d'Italia	1,100.00	+	1.00
Banco di Napoli	1,100.00	+	1.00
Banco di Napoli	1,100.00	+	1.00
Banco di Napoli	1,100.00	+	1.00

NETHERLANDS	November 25	Price	Change
ABN-AMRO	1,100.00	+	1.00
ABN-AMRO	1,100.00	+	1.00
ABN-AMRO	1,100.00	+	1.00
ABN-AMRO	1,100.00	+	1.00

FRANCE	November 25	Price	Change
Crédit Lyonnais	1,100.00	+	1.00
Crédit Lyonnais	1,100.00	+	1.00
Crédit Lyonnais	1,100.00	+	1.00
Crédit Lyonnais	1,100.00	+	1.00

## INDICES

NEW YORK DOW JONES				STANDARD AND POORS			
Nov 25	Nov 24	Nov 23	Nov 22	Nov 25	Nov 24	Nov 23	Nov 22
1,100.00	1,050.00	1,080.00	1,080.00	1,100.00	1,050.00	1,080.00	1,080.00
1,100.00	1,050.00	1,080.00	1,080.00	1,100.00	1,050.00	1,080.00	1,080.00
1,100.00	1,050.00	1,080.00	1,080.00	1,100.00	1,050.00	1,080.00	1,080.00

## OVER-THE-COUNTER Nasdaq national market, closing prices

Stock	High	Low	Close	Stock	High	Low	Close
Continued from Page 43				Continued from Page 43			
Orbit	1,100.00	1,050.00	1,080.00	Orbit	1,100.00	1,050.00	1,080.00
Orbit	1,100.00	1,050.00	1,080.00	Orbit	1,100.00	1,050.00	1,080.00
Orbit	1,100.00	1,050.00	1,080.00	Orbit	1,100.00	1,050.00	1,080.00

## NEW YORK ACTIVE STOCKS

Stock	High	Low	Close	Stock	High	Low	Close
NEW YORK ACTIVE STOCKS				NEW YORK ACTIVE STOCKS			
NEW YORK ACTIVE STOCKS				NEW YORK ACTIVE STOCKS			
NEW YORK ACTIVE STOCKS				NEW YORK ACTIVE STOCKS			

## LONDON

Stock	High	Low	Close	Stock	High	Low	Close
LONDON				LONDON			
LONDON				LONDON			
LONDON				LONDON			

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## AMEX COMPOSITE CLOSING PRICES

[illegible]

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	Sales (Sh)	High	Low	Last	Chg	Stock	Sales (Sh)	High	Low	Last	Chg	Stock	Sales (Sh)	High	Low	Last	Chg	Stock	Sales (Sh)	High	Low	Last	Chg	Stock		
ADWD	100 80	94	94	94	+	Chico	9 1210	100	100	100	-	Chico	1 10	24	235	22	22	-	LTX	10	45	1530	8	74	74	+
ADWD	14 880	14	14	14	+	Chico	22	583	133	133	-	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
AST	5 442	74	74	74	+	Chico	12	11	11	11	+	Chico	12	11	11	11	11	+	LTX	10	45	1530	8	74	74	+
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## SECTION III

FINANCIAL TIMES  
SURVEY

Thanks to a major influx of insurance companies and banking institutions in the 1970s, and recent high

growth in its accountancy, legal and other professional services, Bristol is bidding to become the UK's third most important financial services centre. **Anthony Moreton** reports.

## Expertise of high calibre

ALONG GANON'S Marsh in the heart of Bristol, a large old tobacco warehouse is waiting for the demolition men to move in. The site, coming to the end of its days as the home of one of the city's traditional industries, will by the end of this decade house part of the administrative headquarters of Lloyd's Bank.

Lloyd's made a total of 70 to 80 sites before alighting on Bristol and its arrival will contribute significantly to the city's growth as a financial community. The bank will bring not just another blue chip name to the city, but also, in two phases, create 1,400 jobs, 800 of them to be recruited locally.

Lloyd's made its decision to go to Bristol earlier this year, but the flow of new concerns into the city continues unabated. Only this month, the RAC decided to move its members and legal divisions to the city, together with a new computer system for its breakdown service. Another 200 jobs will be added to the 10,000 or so created in the 1980s.

The influx has been dramatic. Bristol is now the headquarters of major insurance companies Sun Life, London Life, Clerical, Medical and General, and Sun Alliance Phoenix, an important stockbroking centre, home to all

the major accountancy firms, a legal centre of note and a host of spin-off activities.

When any two businessmen meet in the city today the conversation inevitably gets around to a single subject: how Bristol has become the most important financial community in Britain after London and Edinburgh.

This is an arguable proposition. Both Manchester and Birmingham might have better claims to the title at the moment. But the way in which Bristol is developing will almost certainly establish it as Britain's third financial community within a short time.

The success of Bristol, according to Mr. John Kingston, director of investors in industry, lies in "the way the professional community has worked very hard to improve itself." The professions and institutions in Bristol saw that, with the changing financial world, there was a threat that the City would scoop the pool. They therefore recruited the very best talent, some of it from London, so that the local base could provide the calibre of expertise usually thought to be only obtainable in the City.

The range of services available within a short distance of College Green and Broad Quay is

exceptional. Apart from the insurance companies and the accountants, Bristol is a regional centre of local government, and now big enough to generate business in its own right. It is home to one of the major building societies in the country.

"People are coming to Bristol from London to do business with us," says Mr. Michael Barnes, managing partner of accountants Arthur Young. "One Andover firm came about a management buy-out and others have come from Cardiff, Peterborough and Scotland."

"I can syndicate from here for private concerns needing cash or give the very best tax advice - all this at about two-thirds the cost in London. The vast majority of companies and individuals have no need to go to London now for their business; it can be conducted in Bristol."

"Hargreaves Lansdown, for instance, a full financial services

company, used us to reorganise five parallel companies into one public limited company group structure, one example of the many services we offer."

He is supported by Mr. Andrew Wise, of E. Watson, a firm of consulting actuaries based in Reigate that has opened an office in the centre of Bristol. "We are also getting work that might have gone to our London office. We have one multinational with a \$300m. turnover that decided to use this office rather than London for its work."

Another to tell the same tale is Mr. Clive Hulton, partner in charge at Deloitte Haskins & Sells who points to fee income having doubled over the past three years, up to £12m. for the West of England, and in the financial services sector it has gone up eightfold.

Another concern that has profited from moving to Bristol is National Westminster Insurance Services, the insurance broking

arm of the High Street bank. Now the 24th largest insurance broker in the world its pre-tax profits jumped to £17m. last year from £12m. and is expected to be around £22m. this year.

Mr. Brian Carter, its managing director, describes recent growth as phenomenal. "Two years ago we employed 500; now it is 880. Growth potential is enormous, too."

The arrival of major companies has inevitably led to great activity in the supply industry. One example is the virtual new industry created in temporary office work. Manpower, one of those to benefit, has supplied up to 700 people a time to help handle some of the bigger privatisation issues such as British Gas, British Telecom, Rolls Royce, Trustee Savings Bank and BP.

"The move to Bristol of so many financial institutions over the past 10 years has intensified the demand for temporary workers with good office automation

skills," says Mr. Mark Wilcox, Manpower's area manager.

"What you now have in Bristol," says Peter Marwick, McLintock's Mr. Jeffrey Hordle, "is one-stop shopping for financial services. Bristol businesses no longer need look to London for specialist financial advice. The financial community in the city mirrors national financial activity."

"Perhaps the best indication of how fertile Bristol is, as a breeding ground for new businesses, is the way in which we have been inundated with requests for our new business starter packs. Over 300 inquiries came in three weeks," says Mr. Tim Thorn, partner in charge of Price Waterhouse.

No one can give a precise answer to why Bristol has suddenly benefited, though Mr. Wise points out that it takes only five to 10 minutes longer to travel from the city by train to London than from Brighton.

Good communications have certainly been one ingredient as has a good supply of skilled, highly educated workers. The proportion of graduates coming out of the university and polytechnic every year that opt to stay in Bristol is enviably high. Of the 23 student taken on in the city by Peter Marwick this year over half were graduates of Bristol or Bath.

There are developed skills, too, at the office and shopfloor level and the tradition of a cooperative workforce instilled even before Ernest Bevin, the legendary leader of the transport workers union, was a local official, in the 1920s, remains to this day.

In the first instance, the big companies that instigated the boom in the financial services sector arrived because it was a pleasant place in which to operate, was a source of good workers, near enough to London, from which most had originally migrated and had an adequate

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supply of modern office space. Since then the factor that has counted most, as St. Mr. Kingston reiterates, is the way in which the sector's inhabitants have recruited the very best professional staff yet have then been able to offer the services that London does, at a fraction of the cost.

It is also to do with the ambition of the young men who now dominate the financial services industry. Mr. Alan Moore, chief executive of the Burns Anderson Group, which he has built into a \$50m. financial services group in a little over six years, says: "our objective over the next few years is to build the group into one several times its present size."

"Although the basis of our activities will be within the UK we are looking to develop an overseas operation. And all with Bristol very much as our home."

So far, Bristol has concentrated on national business. The future also lies in internationalism. The Bristol and West Building Society has pointed the way by developing international financial instruments.

The future lies, too, in increased emphasis on high technology concerns. At the moment, the financial services sector in the city is a user of high technology. If the sector is to develop, it must do so alongside a growth of indigenous high tech concerns.

Bristol is fortunate to have Hewlett Packard and British Aerospace in its suburbs. These two are, with the polytechnic, already helping to spawn a spin-off sector.

The future also lies in increasing the emphasis on management consultancy. The major accountancy firms are all involved in varying degrees in this sector. All these have been fully developed. Bristol might then become Britain's second financial city, ahead of Edinburgh as well as Manchester and Birmingham. At the rate it is growing this is not difficult to envisage.

A BLUE CHIP CITY ATTRACTING  
BLUE CHIP COMPANIES

Of the 20,000 companies operating in Bristol, many are international. Blue chip names like Harveys, Hewlett Packard, Rolls Royce and British Aerospace.

Lloyd's Bank headquarters will soon be added to a glittering list of blue chip financial companies that includes six major insurance groups.

Bristol is attracting companies, in areas from high tech to high finance, at the rate of over 200 a year.

It's the perfect environment for business, and pleasure for that matter. But don't take our word for it. Here's what four unbiased blue chip companies say about Bristol's attractions.

Du Pont Electronics Connector Division  
Wim Adams, Plant Manager

"Du Pont is delighted in its decision to locate its electronics connector division in Bristol, due to the attitude and performance of the manpower, the variety of sub-contract suppliers, the excellent communications, and the quality of life."

RAC  
Arthur Large, Chief Executive

"Bristol is an important centre with a highly skilled workforce and easy access routes. Exactly the right ingredients for a fast moving, high technology organisation such as the RAC."

Ross Systems USA  
Ken Ross, Director

"Bristol is the up and coming capital for the software industry in Britain. Ross is a people driven organisation and we felt the city was the best place in the country to meet and deal with the top contacts in the industry."

Parchester Group  
Terry Harvey, Director

"Bristol is an ideal location as a major centre for a national operation like ours. A key attraction was the range of skills available here."



**BRISTOL**  
THE BLUE CHIP CITY

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City of Bristol,  
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Telex 440714 BRISTO G



## BRISTOL 2

Local banking and financial institutions have taken another big leapforward in the past two years

## Developing local sources of equity and capital

THE BRISTOL FINANCIAL services market took a great leap forward in the late 1970s and early 1980s. Now the same thing has happened over the past two years, and the commercial law- and accountants have moved up with it.

Mr John Kingston, head of 3i's Bristol Office, is pleased with the growth of financial services in Bristol in general and of his office's activities in particular. 3i

Bristol currently has a total of 250 investments worth \$60m on its books and is looking to invest a further \$15m. a year in new and expanding companies in Bristol and the South West region.

3i is one of the main local sources of equity finance and venture capital. Others include Dartington and Co, the West Country's own, home-grown, merchant bank and the Bristol

regional offices of merchant bankers Singer and Friedlander and Hill Samuel.

Until recently, the Tyndall group might also have been included but its central management was recently moved to London.

On the other hand, a potentially significant new player has arrived on the scene, in the shape of the recently-restructured Burns Anderson group,

whose central management is now based in Bristol.

Chaired by Sir John Harvey-Jones, the former ICI chairman, Burns Anderson already includes merchant banking services among its activities and it has stated its intention to grow.

Mr David Johnstone, chief executive of Dartington and Co, is a great believer in the value of the local decision making process. He notes that there is a

bureaucratic inevitability which makes large organisations gradually withdraw from distant parts and concentrate their activity on the geographical area closest to their centre of decision making. He argues therefore that local sources of risk capital, linked with local decision making, are essential for a healthy economic infrastructure.

To this end, Dartington (which was launched 8 years by the Dartington Hall Trust with capital of just \$5m), has created a development capital consortium, known as Capital West, to assist business in the region with finance for expansion, acquisitions and management buyouts in amounts ranging from \$500,000 upwards.

It recently also took steps via a rights issue, to enlarge, to \$4m, its Avon Enterprise Fund which provides equity capital in smaller sums than is normally available from institutional sources.

Flotations have also been favoured in recent years as means of raising capital. The Bristol financial community has become well versed in bringing local companies to market, notably to the USM. However, Mr Johnstone stresses that local issues still tend to be small and uncomplicated - \$5m, rather than \$50m. "If it is sheer muscle and large amounts of money you need, we have no illusions. You will go to London," he says.

He is also concerned at the number of Bristol-based companies which have been taken over in recent years. As a result, decision-making senior management, which might have made increasing use of Bristol's financial services industry and encouraged its growth have moved elsewhere. Recent examples include Imperial Tobacco, UBM, Equipu and Kleenex. "The real problem with Bristol is keeping the entre-

preneurial spirit alive," he says.

Others do not, however, share Mr Johnstone's view. Mr Kingston says that a new generation of growth businesses are being created for the first time, not by family firms, but by highly-trained professional managers who, having worked in large companies, now want to build up businesses of their own. He also sees the skills of Bristol's financial services sector growing as Bristol companies increase their international links.

As more Bristol companies operate on the international stage, the traditional division of financial services into local, national and international sectors will break down. The Bristol financial and professional community has got to be good enough, to service their require-

ments if they want a share of the business," he observes.

According to Mr Peter Burditt, who arrived in Bristol 14 months ago to build up Singer and Friedlander's local activities, Bristol's businessmen are the canniest and shrewdest he has ever met, in a career spent working in many of the world's leading financial centres.

"They are committed, hard-nosed men who will examine every invoice and ensure they are getting value for money. They also have a tremendous mistrust of London professionals," he observes. His office currently has some \$30m under management and this year also sold companies with a value in excess of \$10m.

Hill Samuel's operations in Bristol include acting as an intermediary for its merchant bank-

ing services in London. But Mr John Ledbury, local director, says that the main thrust of its Bristol activities since Hill Samuel opened the branch 12 years ago has been the development of a full banking service - in competition with the main clearers.

He sees the decision of the leading clearers to take their corporate business out of the hands of local branches, and concentrate it in specialist regional offices, as offering Hill Samuel a distinct growth opportunity.

"We have always maintained a close relationship with our corporate customers. So I expect us to be able to capitalise on this distancing between the clearers and their corporate clients."

Robin Reeves



John Kingston of 3i looking to invest \$15m a year in new and expanding companies.

# When Napoleon was eyeing Europe, London Life was eyeing the future.

London Life was founded in 1806, the year after the Battle of Trafalgar and at the time when Napoleon's armies were ravaging Europe.

Its founder was James Renat Symms, Common Cryer and Sarjeant at Arms of the City of London. Its first President was John Ansley who, in the following year, became Lord Mayor of London.

Today, over 180 years later and with its Head Office now in Bristol, London Life retains its original philosophies and values, as well as maintaining its consumer led approach and non-commission stance.

Although its links with the City of London remain, London Life's future is firmly focussed from Bristol.



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## Clearing Banks Business-like service

THE FOUR LEADING UK clearing banks are in the process of reshaping their banking operations in ways which promise to greatly assist Bristol's development as a financial services sector. In recent months, Lloyds has tended to steal the headlines, as a result of its decision earlier this year to transfer a significant slice of its office activities to a 200,000 sq ft new development to be built at Canon's Marsh.

It has already begun recruiting staff for the new office which will eventually employ 1,400 people and give a new dimension to the Bristol financial services market even if, initially at least, it is concerned with the backroom operations of its London banking activities.

But Lloyds still has some way to go to match the presence of National Westminster which employs between 5,000 and 6,000 in the City. In the last year alone it has moved into 100,000 sq ft of office space.

Besides being the headquarters of bank's Severnside region for its normal domestic banking business, Bristol is also the location of National Westminster's Registrar's department, responsi-

ble for 520 company share registers representing a data base of approximately 7m holdings. It is the chief office of the bank's financial and investment services, which handle approximately \$4bn worth of investments and assets, and administer executive directorships and trusts.

Finally, it is also the centre of the bank's insurance services department which has grown from 230 employees at the time it was relocated to Bristol in 1973, to 550 today and is expected to employ 1,000 within two years.

National Westminster, in common with all the main clearers, has also moved recently to segment its personal and commercial business. The Bristol Business Centre, designed to look after medium-sized commercial customers - those with a turnover \$1m or more - was opened a year ago.

Barclays is poised to introduce the same concentrated attention on its commercial customers by establishing a network of 350 business centres around the country. Bristol region will have two - one in Corn St, the city's traditional banking centre and the other in Clifton. At the same time, from January 1, Bar-

clay's management structure is being radically reorganised. A middle tier of management is being removed and the present 50 local head offices around the country are being replaced with 24 more powerful, regional offices, Bristol among them.

Mr David Aldington, Barclay's local director, says that the devolution of power will mean, for example, that whereas the opening hours of local branches have hitherto been decided centrally, in future Bristol will be able to decide for itself.

The Midland announced the establishment of its corporate division with 53 regional offices with devolved powers last July and the Bristol office is now operational with an initial staffing of 4 managers and 4 support staff.

Mr Alan Barber, the office director, says that he is looking to build up the Midland's business in the Bristol area with a distinctly proactive approach to the bank's customers. Each manager at the centre will handle no more than 35-40 corporate accounts, so as to give time to respond and get to know his customer's business.

Robin Reeves

## Profile: Girobank Regional view

IT IS ONLY 18 months since Girobank first opened the doors of its south west regional headquarters in Bristol, but it is already beginning to make its mark on the Bristol banking scene. The then National Girobank (as it was known until very recently), was launched two decades ago as a simple money transfer system using the Post Office network. But having evolved into a fully-fledged clearing bank, with 2m personal accounts and a wide range of corporate customers, particularly in the retail trade, it has now opted to decentralise its operations and reach out to its customer base around the country, in order to maintain growth.

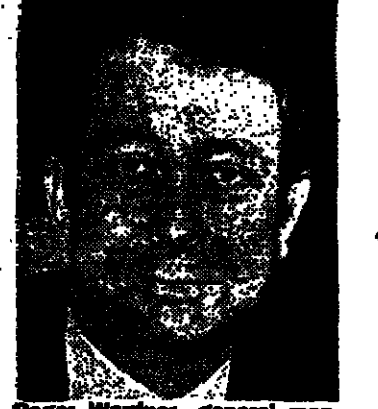
As a consequence, its once wholly centralised account management system, based at Bootle, Merseyside, is gradually being devolved to regional offices of which Bristol is the sixth.

Mr Roger Warriner, general manager of the south west region, says that the strategy is already showing results. Since opening the Bristol office has secured 75,000 new personal accounts in the region. In addition, it has been gradually taking over the administration of the accounts of some 100,000 of its existing customers in the south west from the Bootle headquarters.

The net result is that the number of employees in the Bristol office has risen over the past year from the initial 70 to a current staffing level of 200, whose job it is to communicate with customers by post and telephone.

Girobank of course has no High St branches of its own, but operating through over 2,500 post offices and sub-post offices

in the south west region, it can fairly claim to have more retail outlets than any other bank. Indeed, because of the importance of subpostmasters to the bank's development, it now offers them a special loan package to improve their businesses. These days, Girobank is not only providing a full range of current account services, but is also out to increase its corporate business substantially.



Roger Warriner, general manager, South West region, Girobank.

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## BRISTOL 3

## Stockbroking

## A stronger base

JUST OFF the entrance hall of the Bristol and West Building Society's headquarters building in the centre of the city, there is an office set aside for Laing and Cruickshank, the London stockbroker. The link between broker and society has been close for a long time; the broker has used the society for depositing money and the Bristol and West sees the connection as part of its strategy of providing an investment management service for its investors.

Laing and Cruickshank's room is not just for Bristol and West depositors though. It is part of the broker's policy of getting closer to the investing public.

The office comes under its investment management services arm and its managing director, Nigel Wilson, says that after a slow start last June there has been a pick-up in business and "the service is now proving popular with investors."

It is not, though, a service aimed at any investor. Laing and Cruickshank is looking essentially for the man or woman who has a portfolio, with a minimum of £50,000. "We are a sophisticated investment house," Mr Wilson says, "not a dealing house for the small man. The person who wants to sell his 200 privatisation shares is best off going through his bank."

Laing and Cruickshank has another front office comparable to the Bristol operation, in Worcester. Each is linked via a freephone to a number of outlying branches, all of them in Bristol and West premises. These offices are seen as hubs, serving their outlying areas.

At first, there were just 13 branches involved but in August the scheme was extended to take in a further 16, an example of the innovative way in which Bristol is approaching the new financial world.

The city was also the home of one of the first ShareCentres to be opened by Debenhams Investment Services. Late in August, DIB, part of the Burton group and a member of the Stock Exchange in its own right, began to take on business from a shop within the Debenhams store. It did so at the same time as a ShareCentre was opened in the group's Oxford Street flagship store in London.

Burton has a different approach to that of Laing and Cruickshank. It wants to see buying and selling shares become "as easy as buying a suit," though the events following the great October crash on stock markets around the world

may have done more to dampen the enthusiasm of potential buyers of shares than of suits.

ShareCentre offers an immediate advice note confirming the transaction, a contract note within 24 hours, a special card for regular investors so that they may deal by phone and a hotline for urgent queries and problems. It deals in all British quoted equities, gilts, and also in traded options and unit trusts.

These innovative moves must be seen against the background of traditional broking which has always been very strongly entrenched in the city.

The local broking houses underwent considerable changes in their organisation in the run-up to Big Bang in October 1986. These consolidated the position of Bristol, according to Mr Roderick Davidson, managing director of Stock Beech, as "the third biggest financial community in Britain."

The most obvious change was that the leading brokers were taken over by City of London concerns. This, clearly, reduced Bristol's independence but, conversely, it immensely strengthened its base.

British and Commonwealth took a 55 per cent interest in Stock Beech, Allied Investments took a 40 per cent stake in Laws, National Investment Group bought into Hillman and Catford, while Brown and Shipley bought an interest in Heselbine Moss.

Only Stock Beech, though, went along the market making path. Mr Charles Laws, of Laws, decided not to go in this direction because of the research which became available from James Capel, also part of Allied.

"We can bring the very best analytical advice to Bristol through Capel," he says. "If we had gone into market making we thought we might have devalued Capel's research."

Mr Bernard Steel, of Heselbine Moss, argues from the same standpoint. "We are basically a private client business and the professions prefer, we believe, to deal with a firm such as ours. That way, there can be no conflict of interest. A private client will not get the same personal service when dealing with a London firm as he will with us."

Stock Beech took its decision to become a market maker - one of the few in the country outside the City - because it was concerned about the likely course of institutional investment after Big Bang.

Mr Davidson explains: "Two or three years back about a quarter

of our business came from the institutions. We were handling small companies in the £100,000 to £500,000 range much of the time and we expected that institutional commissions would be reduced on this sort of deal.

"We therefore thought it might help offset any fall in income by going into market making. Our estimates were that we might do 30 to 50 deals a day on the market side and even though the last few weeks have been rather painful we have been more than delighted to see our deals go into the 300-400 a day range."

Mr Davidson traces the growth of the private client business back to the British Telecom flotation. "We as a company seem to have acquired a respectable slice of this growing business, some of it coming from London."

"The City is now intimidating the investor who is not in the big league. Rates for handling deals are rising and the firms there simply do not want to handle the sort of business which might be large to a private client but is infinitesimal in relation to what an institution deals in."

Stock Beech would like to expand its activities beyond Bristol. "Indeed, it was one of the things British and Commonwealth discussed at some length," Mr Davidson says. "The problem is, there are simply not the firms available to take over."

Stock Beech sees expansion coming through acquisition of existing businesses rather than opening its own offices in new centres. It would like to add up to half a dozen outlets, especially in Scotland and the North of England, to its existing three in Bristol, Birmingham and London. This would allow the firm to take on another team of niche market makers.

Unfortunately, provincial firms have either been taken over by City concerns or there are large individual holdings in them which serve to prevent others buying in.

Although the stock market crash has proved "very nasty," Mr Davidson is optimistic about the future of privatisation issues and the ability of Bristol to grow with them. "Some people have undoubtedly over-reached themselves and there will be a certain amount of re-mortgaging houses to meet obligations."

"But Bristol is exceptionally well-based as a centre for the broking community now and as shareholding becomes ever more popular we must benefit from it."

Anthony Moreton

BRISTOL IS THE test bed for a retail banking revolution being embarked upon by the Midland group, designed to transform its network of High St branches into financial service centres.

Three Midland branches in Bristol, one in the traditional banking centre of Corn St, another serving the Broadmead shopping area and another in the suburb of Kingswood, have been radically refurbished within the past year as the first of the Midland's new-style retail banking centres.

Out has gone the traditional High St branch image with its fortress-like exterior and prison-like wiremesh or glass barrier interior. In its place is a modern, brightly decorated, open plan area, more akin to a retail store, with a range of machines for dispensing cash and answering routine enquiries and a series of manned desks to deal with other customer needs. In the standard branch, some 80 per cent of space is occupied by the bank's staff and their operational activities, and only 20 per cent is left for customers.

In this new open plan layout, the handwork of design consultants Fitch and Co. - the space ratio of staff to customers has been reversed. Hand in hand with the new design and layout is a major training programme to equip staff with a thorough knowledge of the Midland's range of banking services and products and the ability to sell them in the new banking environment.

The Midland, like other major clearers, has come to realise that

FOR DECADES Jordans has been the place journalists have gone when seeking information on companies. A phone call to its office in the City of London, or a visit to browse among its copious files, brought instant knowledge.

Jordans, however, has changed. When Companies House moved to Cardiff, Jordans opened a major office alongside it in the Welsh capital. Four years ago, it recognised the growing importance of Bristol and moved its headquarters there.

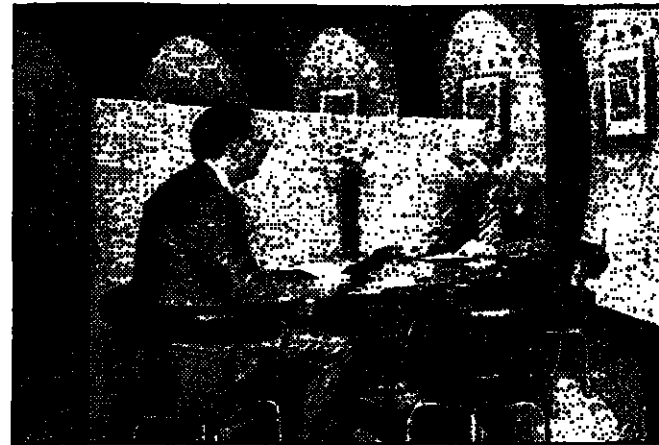
The company still has an important presence in London, though much of its work is done from Bristol and its other offices in the UK. That is where the 1.7m company records, about 1m of them live, the vast majority with a turnover under £1m a year or under £1m capital, are stored.

Now they are stored electronically and the inquisitive journalist, who is probably himself using a word processor rather than a typewriter to direct input his story, has had to come to terms with the massive capital transformation that has taken all the records off paper and put them onto computer.

Until the mid-1920s, Jordans remained a family concern. But

## Midland's retail image

## High St revolution



A chat with the manager: Midland banking Bristol-fashion

it can no longer expect to prosper simply from the payment in and out of money, but must meet the demands of its 4m. customers for an increasing range of financial products and services and look at new ways of fulfilling its traditional role.

It was the same thinking which led National Westminster to establish, again in Bristol two years ago, its first Personal Banking Centre - essentially an unstaffed automatic bank for routine business and transactions - and Lloyds to create lobbies for cash dispensers at its branches. But to date none has proposed going as far as the Midland in changing the nature of its branches.

"Banks are traditionally seen as akin to elephants - intelligent but large, inflexible and cumbersome," Mr Keith Davies, the man spearheading the Midland's Retail Image Programme, explains. "We decided that we needed to acquire the image of a dolphin - retain the intelligence and integrity but combine it with swiftness and agility."

The traditional bank design stemmed of course from the need to project an impression that any money deposited was safe and well-protected. But these days most people are aware that, in practice, their savings are not kept physically in the vaults of

their local branch.

On the other hand, market research has shown that young people in particular find this traditional image off-putting. The internal lay-out of the typical High St branch also acts as a barrier to establishing easy customer-client relationships - now regarded by clearers as the key to marketing an ever-widening range of investment and savings schemes and therefore to the future profitability of their branch networks.

Hence, the new Fitch design and lay-out which, as in other forms of retailing, is designed to make the branch look inviting rather than forbidding. At the same time, the new design incorporates solid materials such as stainless steel, granite cladding, and beechwood flooring so as to maintain the solid image.

This is important if the switch-over is not to result in the loss of one of the clearing banks' clear advantages over other financial institutions: they are

generally perceived as being more professional than say building societies.

Happily, the radical changes being pioneered in Bristol are already proving a success. The three branches involved have achieved significant increases in their new current account business and in cross-sales of other financial services being offered by the Midland. "We are happy that the changeover is strategically correct. We have now got to learn how to get the best out of these redesigned branches," Mr Davies says.

In practice, each of Bristol branches has performed differently, the suburban branch customers exhibiting more resistance to going automatic than those using the city and shopping centre branches. Interestingly, too, at the Broadmead branch, some 80 per cent of all encashments are being dispensed by machine compared with an average 50 per cent channelled through the "hole in the wall" dispensers found outside most town and city branches. Overall, the results show that most people prefer to use machines for simple transactions.

The whole network of 2,000 branches is being reassessed, not just in terms of the towns they serve but whether they are in the right place in those towns.

But whatever the outcome, Midland is certain, despite credit cards, electronic transfer, home banking and other innovations, the local branch has a future.

Robin Reeves

## Profile: Jordans

## Search and inform

Not that journalists were ever the major source of the Jordans Group's income. The company has always been more closely associated with the legal and accountancy professions according to Mr Michael Whitwell, its chief executive. These are the people who are continuously and in large numbers making inquiries about companies.

Jordans was established in 1863 by one Richard Jordan to print forms required for the incorporation of a company, still an important part of the group's business.

In due course, as the business grew, Richard Jordan began selling the forms to others, and then as a service filling them in. Eventually, he got round to filling them himself, the beginnings of a Victorian database. Later came the formation of companies for clients and book publishing on company law.

Until the mid-1920s, Jordans remained a family concern. But

in the late 1950s, it was taken over by Tynhall Funds after a longish period in which it had been slowly sliding downhill. Tynhall, a Bristol concern, transferred it into West of England Trust. The trust was sold to Globe Investments in 1979 but the trust management bought it out three years later. It is now a privately-owned company with the shares held by the management and employees, while investors in industry has a sizeable share.

Jordan Information Services, part of the group, accounts for a material part of the UK information retrieval market, worth perhaps £30m a year in all, with Dun and Bradstreet having another major share.

Information retrieval, which can be obtained by direct on-line telephone link to the database,

by Telecom Gold or Pergamon Orbit Infoline, is only one aspect of the group's work. It also prints, engraves and forms companies. It will conduct searches, watch over company names to see a new concern is not taking the name of an existing organisation and it will also provide information on the kinds of company operating in an area.

Mr Whitwell took Bristol as an example. His records show there are 489 companies registered in the city's postal area with a turnover of less than £1m a year, 162 with between £1m and £5m, 46 with £5m to £10m, 43 with £10m to £25m, 22 with £25m to £50m, 12 with £50m to £100m and, in the super league, 10 with a turnover of over £100m. This sort of information can be provided for any area of the UK.

"We specialise in the companies with more than £1m turnover," Mr Whitwell says, "but

that does not mean we abandon the smaller ones. They constitute the larger part of our database in numbers. It is just that most of our emphasis tends to be on the bigger ones."

Almost half of Jordans' UK staff of 400 are now at the Bristol headquarters, which was centralised earlier this year in St Thomas' Street. The remainder are in the still substantial London office and those in Cardiff, Birmingham, Manchester, Liverpool, Leeds, Norwich and Newcastle.

There are also separate companies for Scotland and the Isle of Man and the company has a presence in Jersey and Gibraltar as well as connections with an associate in the US. Mr Whitwell sees considerable growth coming from overseas operations, especially from the offshore financial centres or tax havens.

Next year Jordans will celebrate its 125th anniversary. Richard Jordan would no doubt be amazed at the way and speed in which it has changed. "But that is the only way to prepare for the future," Mr Whitwell says.

Anthony Moreton

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## BRISTOL 4

The city's accountants have moved way beyond mere number crunching

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**Stock Beech**

A BOMB SCARE, a rowing machine and a major internal merger may seem an unlikely trio of pointers to the quality of life in the number-crunching business of accountancy, though accountants are concerned on a daily basis with the merger problems of their clients, but each in its way gives a valuable clue to the rapid development of accountancy services in Bristol.

The bomb scare was in early November at the offices of Cooper & Lybrand and was a hoax, but a possible explanation was the involvement of the firm there in some management consultancy work in Ireland, an example of a Bristol firm being involved in international assignments in its own right.

The rowing machine is in the ground-floor gymnasium of the futuristic city centre office block, part designed and occupied by, and partly a business initiative in its own right of Arthur Young. The application of its business and environmental consultancy skills to its own business complements the appointment of a behavioural psychologist with no accountancy qualifications to head the practice.

The major merger is the one which has taken place internationally between PwC Marwick and KMG Thompson McLintock and which, in Bristol, where Thompson McLintock was already the biggest practice, has resulted in an expanded firm employing 245 people. Even in a community which not only has representatives of all the big eight but many more local firms in their own right, some with links to other nationally-based firms, the margin by which PwC Marwick, McLintock outstrips all its rivals in terms of sheer muscle makes it a dominant force in the local business community.

It reinforces the trend of the big getting bigger, the small having a specialised constituency and the middle-sized firms continuing to be squeezed.

Like their counterparts, the solicitors, the accountants have been investing heavily in people as part of building up the pool of local resources and while there are, inevitably, specialist departments which cannot be sustained in Bristol, or which it would be geographically inappropriate to site there, the aim has been to see that every ser-

vice which the local business community requires can be provided locally without any compromise on levels of experience and expertise.

This has meant the opportunities to specialise. And that often means management consultancy, the arena which the accountants have been far quicker to exploit than the lawyers.

PwC's senior partner in Bristol, Jeffrey Hordle, a self-confessed dyed-in-the-wool generalist, also readily acknowledges the need for increasing specialisation to meet the needs of clients. Additionally, this enhances career opportunities, so the Bristol practice can continue to encourage the highest quality of recruits.

In contrast to almost anything which their traditional rivals have done, the tone struck by Arthur Young is aggressively modernist, but backed by the same policy of attracting experienced specialists and, in Michael Barnes, they have also ignored tradition by selecting a managing partner whose skills lie not in accountancy but both in management and business development as well as in his own field of human behaviour, which he brought to the firm's management consultancy.

The atrium-fronted, white with red piping building, into which the 150-person firm moved three months ago, is thought to be one of the most advanced, in terms of electronic flexibility coupled with compatible working atmosphere, in the U.K. in a geometrically stark office totally removed from the leather inlay of partners' desks and after both demonstrating the remotely controlled lighting and making the morning coffee himself, Michael Barnes talked enthusiastically about the working benefits which the new environment has brought, how they have coincided with an expansion in demand for services in Bristol and how those services are of an increasingly sophisticated nature.

The corporate finance unit headed by Graham Robinson, who joined the firm from St. James, a demanded rather than service-leader operation and the firm has in David Hackwood a tax expert who is both a well-known, non-bling eight business in the U.K. Like others, however, Peter Hargreaves recognises that, without a proper stock exchange, money broking,



Michael Barnes of Arthur Young - modernist approach

take on client work well outside the region, though they too see opportunities for further growth in the surrounding cities and towns as Bristol's development as a regional centre continues further and again benefits from way in which the professional firms have added specialist strength locally.

And while all the majors see a continuing trend of big companies moving to the 'big 8', and the competition between them is fierce, all also agree that the volume of business in Bristol, with the exception of insurance work, and that may be cyclical, has grown steadily enough that all the major firms should have been able to meet their own growth targets. Indeed, Arthur Young has moved its regional headquarters into a full-blooded financial centre in its own right.

which has grown from seven to 22 people in three years.

Senior partner Roman McAlinden points also to the number of new businesses moving in to support a booming economy, the increase in spending power which all of that implies, and the opportunities for companies to grow. Their plan to target help to growing companies and also to offer expanded services to the very many, often long-established private companies in the city is, he says, bearing fruit and is offering good career opportunities for top quality recruits.

For Deloitte too, the West Country in general and Bristol in particular has been an area of considerable growth. Fee income in the West of England is up 50 per cent, to £12m, over the last three years, but is up 100 per cent in the Bristol office and the income from the financial services sector is up 500 per cent in the same period.

One major regret widely expressed is the small number of merchant banks with offices in the city and the delay in the development of corporate finance and venture capital facilities in Bristol, at a time when both the accountants and the solicitors had geared themselves up. They feel there is a lot more business available locally in that sector of banking and that, in addition to anyone taking the plunge being able to look for eventual success, such a move would also be one of the factors which would help Bristol switch from being a centre for financial services into a full-blooded financial centre in its own right.

It may also help one of Michael Barnes' other problems, now already easing anyway, of attracting the recruits he wants. All the provincial practices were hit recently when the London firms faced, with increasing competition for recruits ahead of Big Bang saw starting salaries escalate rapidly. In meeting that competition they also made life more difficult for their offices in other centres - the accountants take about 10 per cent of all graduates every year - and to counter that firms like Arthur Young, for instance, enhanced their own packages in Bristol by offering MBA courses in order to stop excessive fall-out at the end of the training period.

The same feeling that there is a bigger market than is being served through local firms is expressed by Chris Barlow of Cooper & Lybrand and this is demonstrated in part by the growth in non-accounting work undertaken by the firm and in part by the firm having moved from offering services developed in London actually through London to offering them increasingly through Bristol. So he, too, feels there is a need for a 'mould-breaking' merchant bank in Bristol.

And, in more whimsical mood, his senior partner Tony Eve mused on the possibility of comingling the circle by the local stock exchange picking up the mood of the moment for wider share ownership and encouraging local companies to float locally by selling shares largely to local people. The firm already brings companies to the market in London; why not do it in the city of merchant venturers?

Stuart Alexander

## Profile: Hargreaves Lansdown

## Advice for advisors

JUST BEHIND the main shopping centre on the way up to Clifton is an office which could transpire itself to Fenchurch Street and not be out of place as a part of any equipment. Although the major insurance companies which have relocated to Bristol have left their funds and investment managers in London, Hargreaves Lansdown have always been in Bristol and, as their dealing activities have expanded, they have expanded them in Bristol.

Peter Hargreaves and Stephen Lansdown, both chartered accountants, set up six years ago to act as specialist personal financial planning consultants to other accountants, mainly for those other accountants' clients but also for the accountants themselves. At that time they were as much taking care of the tax angles as the investments themselves, but now there is far more investment management than tax planning.

The son of a baker - shades of Grantham grocers there - and rather good at maths, Peter Hargreaves started playing the market in his mother's name when he went to grammar school in Clitheroe, Lancashire and I have made every mistake you can make - but I only make a mistake once.

As Harold MacMillan approached his 'never had it so good' election of 1959, and added only by what he could glean from the newspapers, Hargreaves enjoyed what was a good time to invest but he also experienced the pressures of 1974 and learned from what he saw then. Even now, he places more faith on what he sees going on in the market place, or on his own reactions to a product, than in brokers' circulars.

Having been articled in Blackburn, he joined PwC Marwick's Manchester office but left after only 12 months, joining a client support manufacturing equipment company and then went on to sell computers with Burroughs. Still in Blackburn he joined the internal audit department of Whitbread and then saw an advertised job for accountants to work in investment in Bristol. He joined the same day as Stephen Lansdown and 18 months later they set up their own business in Bristol.

They now have 55 staff and their clients are drawn from all the major cities in the UK. Increasingly they deal direct with their clients, instead of through intermediaries and advise them either on which unit trusts to buy or run discretionary portfolios, and for

larger funds they have an equity fund for buying shares.

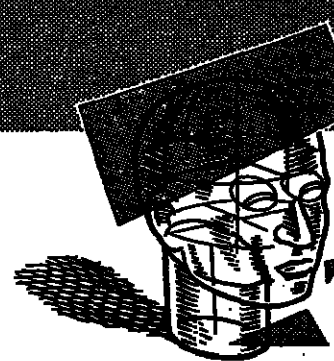
As they need only a small investment department there is no difficulty in finding people, especially as many fund managers are already commuting from Bristol and Bath to London every day. So while at the moment, in the field of professional indemnity insurance for accountants, so recently such a cause of concern, the firm now handles 15 per cent of the non-sole trader, non-bling eight business in the U.K. Like others, however, Peter Hargreaves recognises that, without a proper stock exchange, money broking,

features and commodities markets, and, most importantly, little merchant banking, theory cannot yet claim to be a fully fledged financial centre and so still lags behind Edinburgh.

But that city is in a struggle of its own with Glasgow and Peter Hargreaves says, "I feel very confident and excited about being in the city, perhaps some of the professional services have been put in early but it wouldn't take much for it to surpass Edinburgh."

A challenging view, especially at a time when the market is in such cautious mood and companies looking for a quotation are likely to sit on their hands. But he feels that being in Bristol is both near enough to the centre of London to make it often the first call for the investor road shows and far enough away to put the euphoria or panic in perspective. At 41, but with 30 years' experience of the stock market, Peter Hargreaves does not panic easily.

Stuart Alexander



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## BRISTOL 5

Insurance now employs over 10,000, reports Stuart Alexander

## A mature presence

WITH OVER 10,000 people employed in the sector, Bristol can rightly claim to be a centre for the insurance industry in the U.K. but the pressures created by that success and the prosperity it has brought to the city and its workforce are now in need of careful management, not just if the pattern of growth is to continue, but to allow other white collar sectors an opportunity to move comfortably to Bristol.

The insurance presence in Bristol is mature, the attraction of decentralising head offices having started in the early 1970s and, adding to an already thriving and substantial representation of regional offices for most of the insurance majors, it has meant considerable growth in the number of jobs as companies moved in.

Clerical & Medical, for example, came to Bristol in 1975, bringing about 200 people with them and a further 100 in 1977. But they employ about 1,000 now, so 800 jobs have been created locally and, although all the people who came with them from London were happy enough to stay, some of them have since retired and they, too, have been replaced by local people.

Through the board, fund management, property portfolio and legal departments are still based in London, everything else has moved to Bristol, including the marketing department. All the senior management goes through Bristol and of the top six executives, three are based in Bristol.

General Manager Roger Corley looks back on a successful move in 1982 I had decided it was necessary to develop something more substantial.

"To build a company to the point where it becomes a capital asset, though, you have to look long and that means foregoing some present income. But I knew it was the path I had to take."

The long-term view has paid off handsomely for Alan Moore. He has built his small broking concern into The Burns Anderson Group, an important player in the financial services field, a company with a turnover last year of £44m, and pre-tax profits of £1.77m, both of which are certain to be handsomely surpassed when the current year's results are announced.

For a growing, but still smallish, concern he achieved something of a coup by persuading Sir John Harvey-Jones to become non-executive chairman after he retired from the chairmanship of ICI earlier this year. The path to Mr Moore's present position as managing director of the Bristol-

sonnel and attracted a high standard of new staff in the City.

He points to the value of Bristol having a long-established industrial and commercial base, having its own cultural tradition and being big enough and diverse enough to absorb the insurance companies without them having too dominant an influence and to his senior executives being able to choose many different parts of the city or surrounding countryside in which to live.

In contrast to some companies which moved out to smaller communities and then found that, having worked with each other all day, the same faces turned up on the social scene or golf club in the evening or at weekends, the environment in Bristol made it easier to move.

There was also a wide variety of people to recruit locally. The schools were co-operative in adjusting the syllabus to reflect the needs of an administrative white collar employer alongside more traditional industries, the range of schools, coupled with the university and the polytechnic meant that there was a good supply of all types of candidate available, and, because there were lots of other similar companies around, there was no fear that all career eggs would be in a single-company basket. There was always the escape route of another company not far away.

With lower office rents, lower staff costs and a lower turnover rate it has been a good ten years, but now there has been a change. From there being an embourgeoisement of office space to rent, there is now very

little. Dr. John Evans, chief executive of London Life, notes that 15 years ago his company estimated that if all the available space were to be let then every available worker in Bristol would be needed to fill the implied number of desks. All the space has been let.

If all those people were to be trying to come into work every day then there would be great strain on the roads, the supply of parking and the ability of the public transport system to cope. That has happened and with not only more insurance companies coming into Bristol but existing ones expanding - NatWest Insurance Services has grown from 500 people to 900 in the last two years - and other competitors in the white collar market also moving in, like Lloyds Bank bringing some of its head office functions to the centre of Bristol, there are some anxious times ahead on the employment front.

The companies, in any case, have found that staff turnover rates have been increasing, from 10 to 12 per cent, to 17 to 18 per cent, and with some hot spots developing when a new company begins a recruitment drive such as the one by the Forchester Group, now renamed MI Services, who are looking for 300 people.

That has meant that the companies have had to improve not only internal training and education, but have had to guard against paying for the training of people who then move to another employer. But Brian Cart of NatWest, which operates as an entirely independent broker organisation, has also seen

improved career and promotion chances which come about as a result of courses for the Chartered Insurance Institute lead to improved loyalty.

The NatWest runs its insurance broking division "lock stock and barrel" from Bristol. Brian Cart believes it is the 24th largest broking outfit in the world and yet only 1 per cent of NatWest's bank customers so far use it. The potential for growth has not been missed and all the companies are looking forward to a business boost, and therefore the need to recruit more people, ahead of the new pensions provisions. Indeed, John Read of Sun Life reports that they took on 150 school leavers this year, as opposed to the normal 120, as part of building up the staff ahead of that and other provisions in the Financial Services Act.

No-one wants to see a return to the bad old days when there was up to 40 per cent a year turnover in staff and Dr. Evans says that he tries to create circumstances in which staff can develop their potential. "You must really believe in people as your greatest asset, the only asset, in a financial services company," he says.

At the same time many express the hope that through continuing good relations with either staff associations or unions, and with the city that some sort of tripartite approach can be reached to manage the success of Bristol as centre not just for the insurance industry, but for the range of high quality jobs which they bring to the city.

## Profile: Alan Moore of Burns Anderson

## Just cruising is not enough

SEVEN YEARS ago Alan Moore took stock of himself and asked where he was going. He was 32, lived on Exmoor and earned enough in seven months from his insurance broking firm Moore and Co. to keep himself and his young family in considerable comfort for the year.

"Just cruising was very nice, but I could see it would not be enough for the next 32 years and by 1982 I had decided it was necessary to develop something more substantial."

He had built his small broking concern into The Burns Anderson Group, an important player in the financial services field, a company with a turnover last year of £44m, and pre-tax profits of £1.77m, both of which are certain to be handsomely surpassed when the current year's results are announced.

For a growing, but still smallish, concern he achieved something of a coup by persuading Sir John Harvey-Jones to become non-executive chairman after he retired from the chairmanship of ICI earlier this year. The path to Mr Moore's present position as managing director of the Bristol-

based concern came by way of a small ad in the FT. Burns Anderson, then a Manchester company in car distribution, steel stockholding and shop fitting wanted to diversify into financial services. Mr Moore almost casually dashed off a letter the day before he was to fly to Kenya for a holiday and, on return, was pleasantly surprised to get an invitation to meet the Burns Anderson people. They got on and Mr Moore was on his way.

It was a long distance from his comfortable beginnings in South London. He had joined BP on its elite management trainee programme straight from school. The job, which he enjoyed, involved a sandwich business course at Portsmouth Polytechnic, which he did not. Half way through the four year scheme he decided the academic side was not for him and BP, nicely but firmly, indicated he was not, therefore, for them.

The move into insurance, first with Hambro Life (now part of Allied Dunbar) and subsequently Property Growth Assurance (since subsumed into Sun Alliance Phoenix) was thought curious by some, ridiculous by others.

"Everyone, my family, my friends, was against it because insurance had something of a Flash Harry image. That negative approach, however, made me



Alan Moore, chief executive of Burns Anderson: building a company to the point where it becomes a capital asset.

John eventually becoming chairman.

"The deal with Burns Anderson gave me a new track to run on," Mr Moore says. But it was not long before he was dissatisfied with contributing a major share of Burns' profits while not having much of a say in the inner circle.

He was not on, and clearly not wanted on, the main board and when a cash take over bid arrived on Burns Anderson's doorstep from Dudley.

Mr Moore, as a substantial shareholder, sided with the bidder. The bid succeeded early this year and Mr Moore was asked to produce a strategy. He immediately proposed concentrating on the financial services side, selling off the industrial parts, which he eventually did for £11m, cash, a useful step just before the stock market crash, which put a premium on cash-rich companies.

The twin brothers who controlled Dudley, then divested themselves of much of Burns Anderson, keeping just a 29 per cent stake. This development allowed Mr Moore to concentrate on building up the financial services business, the headquarters of the concern having been, then, moved to Bristol where it is now one of about 15 quoted concerns alongside Alexandra Workwear, Avon Rubber, and Kleeneze to have their head offices in the city.

Mr Moore was fortunate in not having completed any deals before the crash. He can now afford to take his time, though the crash has taken its toll on his own share price as well as that of others.

Anthony Moreton

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## BRISTOL 6

Privatisation has given Nat West registrar's department a new dimension

## Keeping 7m shareholdings up to date

WHEN NATIONAL WESTMINSTER bank moved its registrar's department from London to Bristol in 1973, and introduced the first on-line computer system for handling company registers, it set the scene for major growth of a specialist service to the financial securities industry, which has come of age with the privatisation revolution.

In 1973, the department was looking after the share registers of some 300 companies with a total of 1.4m. shareholders. Today, it is responsible for 520 company registers with 7m shareholdings to whom it dispatches annually 14m. dividend payments.

As a result of privatisation, the department has expanded to the point where it now occupies four buildings in Bristol and, over the past two years, been able to recruit 250 more employees, bringing its staffing to 600.

Privatisation has also benefited Bristol by encouraging the expansion of British Telecom's Bristol-based TMS telephone marketing subsidiary - hence the Bristol area code which pre-fixes privatisation information telephone numbers - and of the specialist mailing house, Mail Mar-

keting Bristol, which has handled the dispatch of much of the written material associated with the flotations.

But at National Westminster, Mr Bernard Ward, the registrar, stresses that, even before privatisation, his department was enjoying a healthy expansion. It stemmed, he says, from a tendency among companies to cease keeping share registers in-house, as their own registers have retired, and to hand them over to specialists.

Pre-privatisation too, a number of aspiring specialist registrar departments, among them those run by the Midland Bank, Kleinwort Benson and Peat Marwick Mitchell, also decided to quit the field, because of the high capital cost of emulating National Westminster's switch to new technology.

There are still around 200 specialist company registrars in the country, mainly accountants, but the market is now dominated by the TMS group, which has come to handling the major privatisation share issues, there have been only three specialist registrar departments.

The department eventually ended up with a register of 3m, which has since fallen to 2.9m. Administering so large a register remains a substantial undertaking in its own right. The efficiency of a registration department can be measured by the time taken to process changes in share holdings and issue new share certificates. It has to be done within 14 days but National Westminster prides itself upon a 10 days turnaround, even though transfer activity has increased by 300 per cent over the past 18 months and other work volumes have also increased.

That said, Mr Ward has set his sights on getting this turnaround time down to five days, as part of what is a consistent drive to upgrade the service offered by the department.

Companies which come to us know that we will not let them down. They buy not only National Westminster, but a lot of experience - some of our managers here have been in the business for 30 years - a computer system with adequate back-up which will update their share register daily.

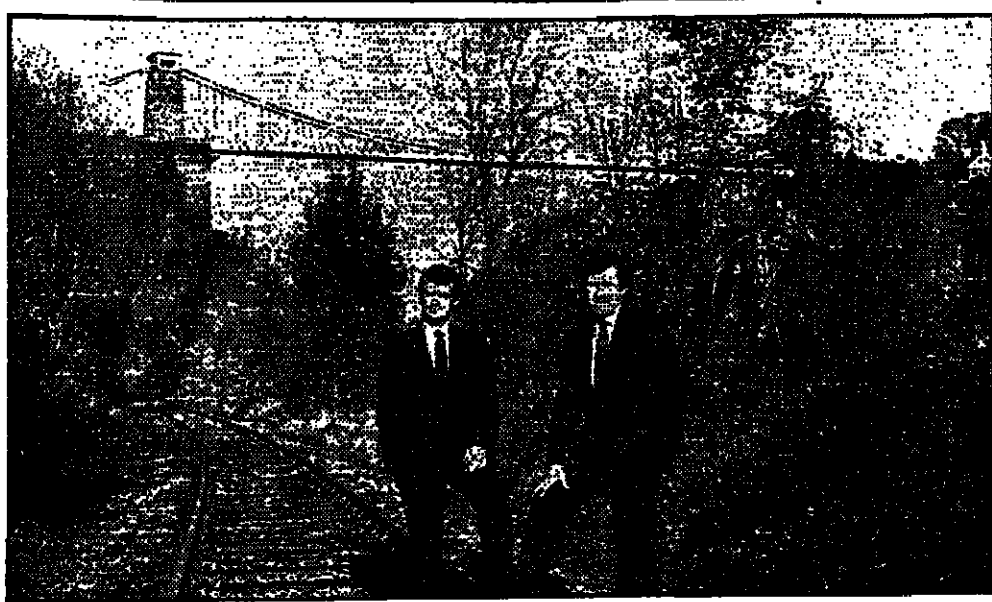
"If companies ring up and say they must have a print-out of their register on the chief executive's desk first thing the following morning, they will get it."

Over and above that, the department will offer specialist services such as pursuing section 213 disclosures of nominee holdings and providing lists of telephone numbers of shareholders to companies seeking to fight off a bid.

Mr Ward is in no doubt that there is scope for further refinements. His department is exploring the possibility of using PC rather than the main frame computer in order to introduce more refinements. At the same time, he admits to feeling somewhat frustrated by some of the requirements of the 1948 Companies Act which did not envisage an electronic age in which the transfer of information could be achieved without paper.

Without fresh legislation, the paperless registrar's office looks a long way off. The first British Gas dividend was accompanied by an offer to shareholders to make future dividend payments straight into a bank or building society account. This option was taken up by half a million shareholders. But it still leaves the registrar's department with the dispatch of 2 and a half million pieces of paper every six months.

Robin Reeves



Moves have begun to give Bristol a modern Light Rapid Transit system, akin to those in London, Edinburgh and Newcastle on Tyne. A BSI paving the way for its development by ATA, a consortium headed by Bristol's MEP, Mr Richard Cottrell, using private capital and

incorporating under-utilised British Rail track, like the Avon Gorge line above, goes before the Lords tomorrow. Seen above are Mr Cottrell (right) and Mr Tim Stevenson of surveyors Chesterton who have been retained to acquire land for the project.

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### Profile: Telephone Marketing Services

## Calls of profit

IN THE run up to publication of the Eurotunnel prospectus, earlier this month, it was difficult to miss the soundings around the country or the advertisements in the papers inviting potential investors to ring one special number - 0272 277 007.

A few weeks before, the massive BP flotation had carried the almost palindromic number 0272 272 272.

The 0272 STD code was the vital clue, but 007 himself would have quickly pointed out to M. R. Leidecker that the city has become one of the major centres for telemarketing in the UK. Both Eurotunnel and BP, as well as the earlier British Gas, TSB and British Telecom, flotations were handled by Telephone Marketing Services.

The other two big players in telemarketing are Contract 24, also in Bristol, and Teledata, of north London, which uses the 01 200 0200 number for many of its response calls.

In addition, there are a large number of smaller businesses in this sector and many organisations undertake their own telemarketing so that even the big concerns do not dominate more than a small part of the market.

Telephone Marketing Services, or TMS, is a wholly-owned arm of British Telecom, "so in a sense we are handling our own privatisation," Mr Robert Leidecker, its managing director says.

The flotations have brought an enormous amount of business into TMS's operational unit in the centre of Bristol. The British Telecom flotation three years ago generated 600,000 calls in 12 weeks and 1.4m. inquiries were processed for prospective shareholders in what was at the time one of the largest single telephone answering operations conducted in the world.

Since then, though, the figure has been easily eclipsed. At its peak British Gas brought in 43,000 calls a day and TMS can now handle around 100,000. For a big privatisation flotation TMS staff has to be doubled to some 1,200 to cope with the 24-hour-a-day operation.

Privatisation may be the way in which most people come into contact with TMS, but it is only the cream on the company's cake.

Mr Leidecker, a New Yorker whose rapid-fire delivery is matched by the graphic use of his hands and arms to describe even the most trivial point, says that the company is really all about direct marketing. "It is how I

to get across to the listener, to make him or her feel they are arriving at a friend's house."

"What we are doing is to put advertising on to the phone. Getting across by phone to the potential buyer is a very different thing to getting through by an advertisement. Yet we are both trying to do the same sort of thing."

"So, because it is a different medium, we have to take a different approach."

With incoming calls Mr Leidecker is equally blunt. "Any idiot can answer a phone. It is what you do with the call after it arrives that matters. If we handle it properly we can get a lot of information that can help fashion the client's whole marketing approach. So we try always to put in added value."

He has instilled Harrods. The London store placed a full-page ad in the New York Times two years ago to bring attention to its New Year sale. An international toll-free number was put in for readers to call if they wanted to buy any garments.

Over 3,000 calls arrived at TMS, of which 2,500 were converted into orders worth \$200,000. The added value highlighted by Mr Leidecker occurred when the inquiries were asked if they would like Harrods catalogue. Then they were asked if they would like one of the store's famous picnic baskets.

Hundreds did, generating extra income for the store.

Half TMS's turnover comes from inward and outward telemarketing, the other half from communications and information services such as radio paging. There are two other earning centres, a telephone education consultancy to help people set up their own operations, and a research agency aimed in particular at the drugs industry. These are at the moment small earners.

Mr Leidecker will not say what TMS earns or how profitable it is since the figures are subsumed within British Telecom's figures.

But he does say it is "profitable" and "growing".

He offers one example of that growth. When the inbound service was established in Bristol in 1982 it had a team of 12 and had just two clients, Habitat and Littlewoods. Today, the number of staff is around 600 and there are some 120 clients. The inbound service probably grows between \$35m. and \$40m. a year. Outbound almost certainly doubles this.

Whereas the inbound service is based in Bristol the outbound operation is a central London force, groups such as the AA and newspapers such as the Daily Telegraph.

For the AA TMS's contribution started by testing the market in Scotland to see if space in some of its guides could be renewed. The test was also evaluated to see if telemarketing, combined with direct mail, could replace sales visits. The organisation concluded it could.

At the Telegraph management wanted to identify a new, younger readership and to establish this group in the minds of advertisers.

"We needed to reach a lot of people very quickly," Telegraph marketing director, Mr Stephen Grabner, said, "and importantly, they had to be the right people, the decision makers."

"The cold calling approach typified the changes we were trying to convey, the Telegraph's new, modern thinking, its less conservative attitude and more aggressive stance."

Although there has been a big jump in the amount of work undertaken by the majors following privatisation, TMS is constantly looking for new ideas.

One, already launched, uses an advanced service called voice recognition. "This will take the world of telephone marketing by storm in the coming years," Mr Leidecker says. This is a system by which the caller can "talk" to a computer, which will take the human being through a series of pre-determined questions.

Another innovation is a teleshopping magazine for those who cannot visit, or cannot stand visiting, stores. So far its magazine, Boulevard, is only distributed in London and the Home Counties but it will be extended.

A further scheme is the use of multi-frequency phones that emit multi-frequency signals recognisable by computer. This system can integrate with a database for ordering from mail-order catalogues by reference numbers which can be recognised by their frequency pattern.

Despite this apparent emphasis on the highest of high technology, Mr Leidecker disclaims that telemarketing is a high-tech business. "It's all about people really. Technology is very important, but it's a labour-intensive industry and the human being, the person who handles the call, is central to everything."

Anthony Moreton

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## BRISTOL 7

As commercial law demands increase...

## Lawyers on the mark

BRISTOL NEEDS more judges - according to Simon Baker, partner in Bristol solicitors, Stanley Washbrough and his plea to the new Lord Chancellor is backed by a number of other leading lawyers in the city. With the legal profession as a whole going through times of great change - the abolition of the conveyancing monopoly, the introduction of limited advertising and the possibility of fusion between solicitors and barristers - the competition between rival firms in the city would in any case have been growing, but the added rapid expansion of Bristol as a centre for commercial law has intensified the rivalry, though to the benefit of the business community as a whole.

As a regional centre for the south-west of England, its influence is moving steadily up towards Birmingham and it is handling work from many other parts of the country. The reasons are many, the most important being the way in which an aggressive recruitment campaign has attracted talent from City firms, but the less aggressive, more approachable reputation in a centre where lower overheads can keep costs down without any loss of professionalism has helped raise the profile and reputation of Bristol as a legal centre.

"We see ourselves as a threat to London, not the other way round," says Nigel Campbell of Stanley Washbrough and his way in which the Bristol's largest commercial practice, Osborne Clark has taken the fight back up the M4 by opening a London office gives emphasis to that claim. Osborne Clark has seen fee income grow by 96 per cent over the last 12 months "on a higher volume of higher quality work" says partner Chris Curling, and their commercial department is being increased from six to 15 in the last two years and is set to rise over the next four months to 21. Five of the new six being long qualified and coming out of the City.

"We can attract first class lawyers from the City in particular but also from elsewhere, by offering both quality of life and quality of work. We are still very hungry for work and we believe there is tremendous potential if we go out and market ourselves," says Chris Curling. This open kind of determination coupled with the realisation that a firm in Bristol is a business to be run successfully in its own right as well as providing a highly academic service to its clients, is widely apparent in Bristol.

As the pool of lawyers increases so it helps Bristol as a legal centre and, with an eye on fusion, it means they are setting the pace not only in terms of the provision of legal services to the business and financial community but to other lawyers. While it is recognised that the barriers with narrow specialisations will continue to operate from chambers in London, and the good communications make them reasonably accessible, the result of increased specialisation within the firms of solicitors means that there is less need to seek specialised counsel. There are also opportunities to act as counsel themselves for other law firms asked to undertake commercial work but without the breadth of specialist knowledge available in the bigger firms.

So why the need for more judges? Fully because a combination of a growing workload and the need for rapid action at several times the normal rate in Bristol in the Chancery division. There are hopes that the appointment of a new Lord Chancellor, who is a Scot, may lead to some modest reform and more sympathetic treatment of the provincial case.

As Simon Baker, of Stanley, Washbrough, says, "We have chancery jurisdiction for business finance, tax, injunctions, intellectual property and the like but what we need is the judges. If you want a temporary injunction at 5 p.m. on Friday afternoon in London you can get it, so we must convince the authorities that the High Court must be decentralised to major provincial centres and that Bristol is a leading candidate." He also sees Bristol in a special position during a watershed period for the profession. "The Bristol profession has always been pretty forward looking," he says, "and a number of institutions were started in Bristol like the duty solicitor scheme. The Bristol Law Society advocated 10 years ago the abolition of solicitors' conveyancing monopoly and suggested a scheme for licensed conveyancers."

"Of late there has been a degree of polarisation developing as great changes confront the profession with, on the one hand, firms like ourselves, Osborne Clark and Burgess Salmon expressing confidence and excitement about the future, pursuing policies of growth and specialisation, and on the other hand a group among which there is a great fear of change and restructure."

While at the same time



"Please can we have more judges in Bristol," says Simon Baker, a partner of Stanley Washbrough, pictured here outside the law courts.

Osborne Clark keeps a wary eye on the possible emergence of national, rather than City/International firms, and is adamant that, however successful its London office, the firm will always be run from Bristol, it has chosen organic growth of its own as the vehicle for business expansion.

Burgess Salmon, Bristol's other leading firm, while also seeking organic growth, is part of a grouping which started along the M5 running from Plymouth to Birmingham, but is progressively becoming national. This grouping has so far only sought co-operative strength through the joint development of databases, training programmes and the writing of brochures, but this is likely to expand further.

In Andrew Densham and James Buxton they have two partners who have a national standing in and have written the standard work on agricultural holdings and an international tax expert in Harry Wiggins. Partner Richard Wynn-Jones, who joined from Linklaters in 1981, felt that this national platform was an important strength for Burgess Salmon but also pointed to the way in which the firm had more than doubled in size in the last five years.

The quality of the work, while different from the City, was demanding and there was the welcome opportunity to become really involved in the decisions of the clients, taking them through the whole transaction, rather than just being involved in a small, specialist part and having to concentrate on crossing the line or doing it.

The support for that work has also seen considerable investment. Burgess Salmon are

thought to have over £500,000 of electronic equipment in their new offices overlooking the city centre dock as part of the process of speeding up the service to the customer. In addition to organising residential courses, again spreading the cost through the M5 grouping, they are also now embarking on the compilation of a computerised database of case law, a directory of counsel, a list of expert witnesses and a reference to precedent, all of which can then be used in computer-aided drafting.

There is considerable confidence in the future among the law firms in Bristol which are, like the accountants, polarising into a group of market leaders, a specialised area of work for the small firms, and some pressure on the middle sector. There is also a recognition that the spoils will go to the strong. Bryan Symons of Veale Benson says the legal profession, helped by good law facilities at both the university and the polytechnic, are strong in Bristol "but there are going to be half a dozen firms of appreciable commercial size in Bristol after a continuing shake-out."

Stuart Alexander

Commercial property  
Office takeup soars

BRISTOL IS wondering what will be the impact of the international stock market crash on investment in the commercial property market.

One school of thought believes that confidence has been so badly shaken, that it will be a long time before institutions begin investing again. But another school argues that simply because equities have become an uncertain investment, there will be a greater enthusiasm for investing in bricks and mortar.

The answer is of more than passing interest to Bristol because, after years of endemic surplus in its office property market, the city has suddenly found itself with the smallest stock of quality office space since 1972.

Thanks to a sharp increase in demand led by the banking and financial services sector, the amount of office space let over the past year has doubled to around 800,000 sq ft compared with the previous year's lettings, which, in turn, were double those of the year before.

And the tightening supply has been reflected in sharply increased rental levels. A year ago, the top office rent to have been achieved by Bristol was \$8.50 a sq ft. In the latest big letting, RAC has just taken 33,000 sq ft in Prudential's Spectrum building at a rental in excess of \$10 a sq ft. And according to Mr Mike Henry, commercial partner at Chester's Bristol office, a new high rental of \$11.35 a sq ft for office space was successfully negotiated earlier this month.

Mr Alastair Bond, commercial partner at agents Hartnell Taylor Cook, points out that the unlet new properties which have been available on - some would say have overhung - the Bristol office market for much of this decade, such as St Martin's Castlemead and Standard Life's Broad Quay House, have finally been fully occupied.

"Spectrum is the only quality space left in Bristol and that is now 54 per cent let," Mr Bond notes, adding that the asking rental for the remaining Spectrum accommodation is now \$12.25 a sq ft. Mr Tim Stevenson, a senior partner at Chester's, is confident that the investment funds to create more space will be forthcoming shortly.

At the moment there is some hesitancy while portfolio managers assess the new circumstances, adding that there are more planned investments in solicitors' hands than ever before and every chance that many will soon move to completion.

It is also noted that Chester was dealing with several finance and insurance companies which had trawled the UK for expansion locations and had come up with Bristol. The city had these days to compete, in particular, with Peterborough and Milton Keynes in the office relocation market. "But they see that Bristol has got the quality of staff and the environment," he added.

Beyond finance there is a problem of sites for speculative development. The long debate between the Bristol city planners and private developers over the use of the Canon's Marsh area has finally been resolved with the decision to allow Lloyds Bank to use the site for a new 200,000 sq ft building which will house significant offices of headquarters operations currently carried out in London.

But most of the other potential city centre development sites are in the Temple Meads-Victoria St area where in some instances they are having to compete with demand from the residential property market.

Signs are that increasingly number of developments to satisfy Bristol's office demand will in practice be located to the north of city, in the vicinity of the M4-M5 interchange and British Rail's Bristol Parkway railway station.

Bristol and West Building Society has just decided to purchase five acres, with an option on a further five acres, near Parkway station to construct a new 65,000

family-owned business recently purchased by Crest Nicholson - is confident that the development of the remainder of the site will go ahead rapidly.

The advantages of the location in terms of communication have long been recognised. Nearby, Aztec West high technology park was constructed in the early 1980s but tenants were slow to come forward. As a result a number of units were let for warehousing rather than high technology industry. Now however, Aztec West's new owners, Arlington Developments, have set their sights on attracting office developments and the South West Electricity Board is already obliging by constructing its new headquarters in the centre of the park.

More office space also seems in prospect immediately adjacent to the Pearce site and Hewlett Packard's growing Bristol operations. Sheraton and JT Group have established a joint company to develop what they are already calling the Bristol Business Park.

Robin Reeves

## "the smallest stock of quality space since 1972"

sq ft office complex which will house its expanding computer and printing facility.

The purchased land, at a reported price in excess of £1m, forms part of a 100 acre site assembled from five ownerships by Pearce Developments and now being prepared for development. Pearce intends to devote 60 acres to offices, 20 acres to housing and the rest to retail operations. The centre of which will be a Sainsbury store.

With contracts signed for these two projects, Mr Tim Pearce, managing director of the company - a long-established Bristol



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## Companies registered in Bristol by size

COMPANIES REGISTERED IN BRISTOL BY SIZE				
Company	Holding company	Turnover (£m)	Year end	Sector
DRG	-	480.2	12/86	Packaging, paper
Dalgety Agric.	Dalgety	458.4	06/86	Animal feeds
ARC	Cons. Gold Fields	557.5	06/86	Construction materials
Terbo Union	Bols-Indust-FU	491.4	12/85	Aerospace equipment
French Kier	C.N. Beazer (Holdings)	368.5	06/86	Construction
H.A.T. Group	-	240.2	02/86	Misc services, construction
A.M. & S Europe	RTZ Corporation	215.7	12/85	Metal manufacture
Carlton Industries	Siddeley	183.2	12/85	Distilling, batteries
Imeson International	Thorn EMI	110.8	12/84	Electronic components
May and Hassell	Hilldown Holdings	89.9	03/86	Timber/ building materials
Welbeck Finance	Barton Group	77.7	07/86	Credit finance
John Harvey & Sons	Allied Lyons	75.1	02/86	Wines and spirits
Argyll Petroleum	-	61.9	06/85	Fuel distribution
TRW Cam Gears	TR Inc	60.2	12/85	Motor components
Millford	-	55.9	03/86	Grain milling
Monro Pumps	American Brands	50.4	10/86	Pumps
Bristol Evening Post	-	47.9	03/87	Printing and publishing
Winpey Hobbs	Winpey Group	46.2	12/86	Quarry products
McArthur Group	-	44.8	12/85	Fuel distribution
Benckx	Allied Signal	40.2	11/86	Vehicle parts
Taylor Maxwell	-	39.9	03/86	Building materials
C.H. Pearce	-	37.9	04/86	Construction/property
Sevalco	Crest Nicholson	37.0	10/86	Construction
Alexander Workwear	Sevalco Holdings	33.6	12/85	Furnace products
Lucas Ingredients	-	33.0	01/87	Work clothing
Famous Names	Dalgety	32.7	06/86	Food products
		32.7	10/85	Confectionery

Source: Jordan Information Services, Jordan House, Brunel Place, 111 GEE, 01 253 3030

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## BRISTOL 8

As building society mergers gather pace

## Bristol and West thinks big

FOR THE past decade the Bristol and West Building Society has been growing at about 20 per cent a year. This growth, almost all of it organic, has taken the society to 11th spot in the building society league.

The Bristol and West, whose tower block building dominates the centre of the city, has assets of around \$2.3bn and is a major force in southern Britain. But times in the building society world are now changing rapidly and there must be question marks over how much longer the society can continue as an independent force.

Mr Robert Linden, the general manager, acknowledges this. He has seen, only this autumn, the merger of Nationwide and Anglia, the former much bigger than his own society, the latter not much smaller.

"The building society movement will coalesce around a small number of large societies," he believes.

"There will always be a place for a particular small society, serving a particular interest. But the smaller societies have no longer got the resources to be financial institutions as the new laws now allow us to be."

"Therefore I can see, perhaps,

five major societies emerging and five others of medium size, by which I mean not quite as large as the giants. Then there will be the smaller ones serving their particular interests. We shall have to get used to not having the 150 or so that exist now."

This may not be quite so revolutionary as it sounds. At the turn of the century there were over 2,000 societies in Britain, so that to come down to below 200 has meant an enormous change. Getting used to around a dozen majors still takes some doing, though.

The thesis also assumes that the Bristol and West itself could be absorbed into a giant.

Mr Linden accepts the logic of his thinking. He is by nationality a Scot and by training a banker. He still thinks with the clarity Scots have come to take for granted.

"I saw it happening in the banking world and the same concentration will inexorably happen in the building society world. That does not mean the Bristol and West will necessarily be absorbed into another society."

"We see ourselves accommod-

ating some of the smaller societies. We have not been involved

in swallowing them in the past but now we have to think differently. We are being very active in this direction."

"We also believe in being proactive and it would not be impossible for us to back into a larger society. But whatever happens, I would like to drive change rather than accept it passively."

"We have an excellent track record and are an innovative society. That gives us immense strength when it comes to talking to others."

Although Mr Linden will not confirm it, outsiders believe the Bristol and West has been having talks with about three other societies and has made overtures to more. None of these has been with one of the 10 larger societies in the movement. The problem, which is also the movement's strength, is that a mutual has to woo outsiders cannot act as a predator going over the board of management to the shareholders.

In reverse, the Bristol and West has had approaches, especially from European banks, which are attracted to the possibility of building societies becoming public limited companies, something the law now allows.

Mr Linden can see attractions in PLC status. "It would allow us to offer share option schemes to our management, for instance. It might also allow us to tap into capital funds which banks have and we haven't."

There are no signs, though, that the Bristol and West is going down this path. The society has just drawn up a corporate strategy for the future which is being discussed at board level.

Mr Linden will not comment on it beyond saying that it is to do with the quality of management and the need to build the society through mergers and takeovers. The details are, for the moment at least, under wraps.

There is no doubt, though, that the plan will seek to extend the society's innovative capacity and switch much of the emphasis towards increased profitability.

"Up to now building societies have been judged on growth," he says. "But there is a new financial environment and the pursuit of growth is something that needs to be looked at carefully. Growth as a glamour concept has to be brought into line with other things."

"We are in a highly competitive world. Prudent management must, therefore, be the way forward. Growth has ceased to be the main objective and profitability must now be seen with a capital P. Our aim must be to manage resources in the most efficient manner."

The Bristol and West will continue, under Mr Linden's leadership, to push the frontiers of finance forward. As mortgages lending comes under pressure (it went up by 13.7 per cent in the second quarter of this year over

1986 compared with a quarter on quarter rise of 34.5 per cent in January, February and March) and especially as the movement queues out the likely consequences of the big crash on the stockmarket, other financial instruments will be developed.

Last June the society launched a \$250m. multi-tranche tap programme through Merrill Lynch, issuing sterling certificates of deposit with maturities of between one and five years. They were issued in denominations of \$50,000 and listed on the Luxembourg exchange.

A month later, there was a \$250m. multi-currency CD programme (through Kleinwort Benson, Samuel Montagu and Morgan Guaranty). These are issued in bearer form in denominations of \$500,000 or \$1m. or the nearest conventionally accepted equivalent in other currencies. The period is for a minimum of seven days and a maximum of 364.

CDs were first issued by the society last year and even earlier, in 1985, there was a Euro-bond issue.

The Bristol and West admits that it was not the first into these fields. Merrill Lynch had led the way into the tap programme for the Leeds Permanent, but the society has been among the leaders in bringing liquidity to the medium-term CD market.

The society has also linked with Laing and Crickbank to offer stockbroking services in 29 of its branches. The hub office is next to the entrance hall of the society's head office and nine branches in the city are linked into it. The Worcester branch acts as hub for Cheltenham, Evesham, Gloucester, Hereford and Stroud.

The society is a front runner in housing, too. "This is a big story," Mr Linden says, "really big. We set up a housing association which is linked to us and is operation in Plymouth, South Wales and Eastbourne as well as Bristol."

"We lend money, too, for the development and then for borrowers who want to buy in it. In Bristol, by way of example, we have been associated with Baltic Wharf, Buchanan Wharf and Ferryway Quay. We are also associated with sheltered housing in Torquay and Paignton."

"We are asking ourselves what we should be doing in the whole area of housing."

The society is also looking at the expatriate market, estate agency and insurance services. Building societies have changed quite dramatically this year, Mr Linden says. "We have all become players in the market for financial services but we have to remember that housing is our first priority. That is what we were set up to do and what we shall continue to do, better than anyone else."

Anthony Moreton

## Spin-off activities

## Ancillary firms overcome metropolitan prejudice

IN ANY growing financial community the large organisations inevitably spawn a host of associated activities. So it is with Bristol.

The arrival of leading insurance companies, the upgrading of the banks' regional offices, the functioning of merchant banking have created in their wake a nexus of interlinking activities, some relatively small, some reasonably large, that have all helped to consolidate the city's position as a centre for financial services.

Accountancy and the law are the most obvious examples. The legal profession has increasingly geared itself toward corporate practice and all the major accountancy firms are operating in the city, some of them with large staffs.

"The financial services market is more than just the obvious areas, though, as Mr Andrew Wise, of consulting actuaries R. Watson & Sons, whose HQ is at Beigote on the southern flank of London, points out. "We are one of the largest practices of consulting actuaries in the UK, advising pension funds, life assurance companies and other institutions."

"We came here two years ago because of the way the city was growing. Much of the business in our profession is dominated by the insurance companies and it was natural to come in the wash made by their bow waves. We quickly found that not only could we generate business here but that we could also do work for clients in London."

Bristol has two leading firms of chartered actuaries. The other firm, Bacon and Woodrow, started with a staff of six, has grown to 10 and, in its own words, is "recruiting hard."

It says: "The quality of advice you can get here is as good as in London in most instances."

That feeling is echoed by others in the community. Miss Angela Kellie moved from London to Proctor & Stevenson, a design agency working closely with the Bristol and West Building Society, London Life and Hill House Hammond.

"Graphic communications are a vital ingredient in the marketing of any business," she says, "and there exist in the city circumstances with the expertise to provide the necessary design solutions."

She pinpoints a characteristic that people in different professions all comment on: "In Bristol you have to be doubly competitive. Not only do we have to compete against each other but also against the common prejudice that good design comes only from London."

She believes that not only can Bristol do work in her field equal to the standard coming out of London but it is no longer practical now for financial companies moving to the regions to continue buying all their work from the capital.

Mr Peter Hargreaves would agree. Six years ago he and Mr Stephen Lansdown, both chartered accountants, set up Hargreaves Lansdown to offer investment advice to profes-

sional firms. Today, the concern has a staff of 58 and the group comprises five companies, each providing a particular aspect of investment advice such as port-

folio management, retirement and redundancy counselling, inheritance tax planning or pension planning.

"We have come to some of these areas completely fresh and so have an absolutely new outlook on the business," Mr Hargreaves says. "We have had on occasion to invent how we tackled things from the bottom up and have a few unique ideas which, as our growth rate shows, have proved to be winners."

Another in an associated field is Golding and Partners, now in its 10th year. The firm has built a substantial clientele in the West Country, managing funds worth over \$50m.

It has a school fees business and Mr Brian Deverill, a partner, reports that it has recently expanded its investment activities to improve its unit trust work, bringing in Mrs Karen White to run the department.

With the growing number of concerns choosing to move to Bristol - Lloyd's Bank is the latest of the big names - relocation becomes an important factor.

Miss Suzi Quadrai, joint managing director of Westpoint Corporation, says that deep local knowledge by a company with roots in the area can be of immense help to someone arriving from outside.

"The decision to move creates enormous problems for the staff involved," she says. "It's not just a matter of a new house or a different school for the children. Emotional and psychological forces can also affect employees."

"Transferring to a new location is a complex undertaking, a period of uncertainty for the individual as well as the company. Our aim is to help consultants move here in the most efficient and cost-effective way. Our work allows organisations and individuals freedom to concentrate on their own business while we do the footwork and deal with all the problems in Bristol."

Lloyd's Bank, as part of its pre-emptory work, decided to use a video to help inform staff of the nature of the move and the attractions of Bristol. It chose BBS Corporate Video Productions, which got two top television presenters, the BBC's Andrew Harvey, a director of the moving to the regions to continue buying all their work from the capital.

Closely allied to film and video production are the public relations companies such as Golley Slater and Harrison Cowley which have scooped up many of the new accounts arriving in investment advice to profes-

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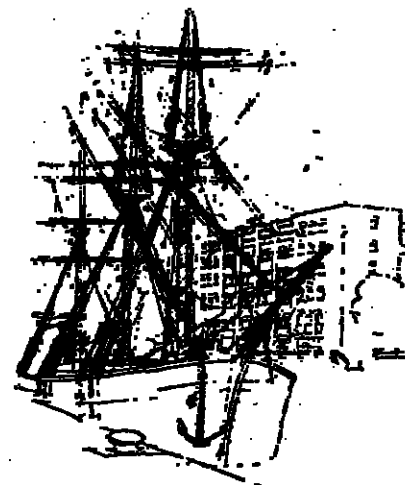
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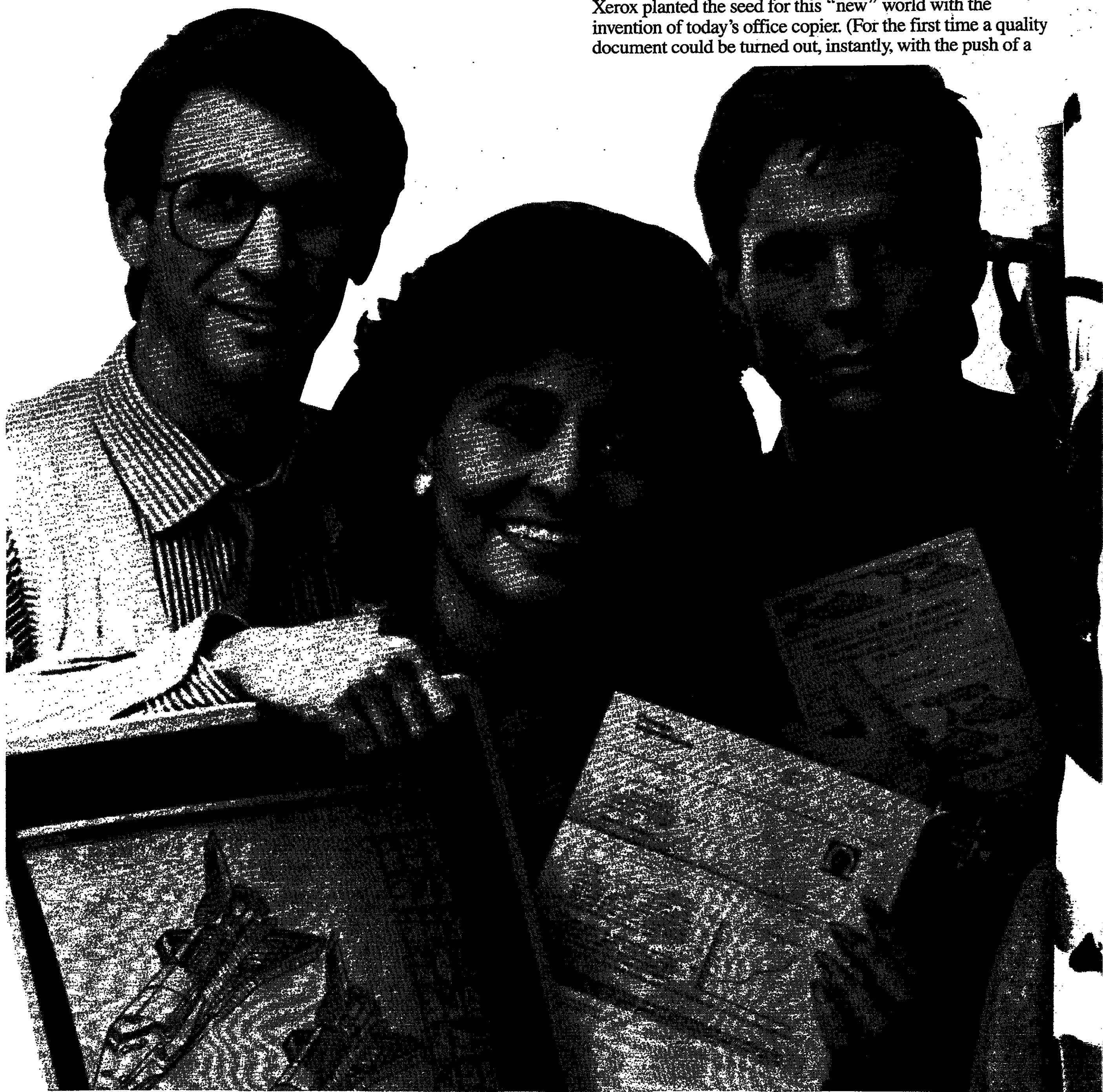
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Xerox planted the seed for this "new" world with the invention of today's office copier. (For the first time a quality document could be turned out, instantly, with the push of a





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button.) Since that time, Team Xerox has introduced a steady stream of products and systems that go far beyond simple copying. Laser printers. Complete publishing systems. Typewriters that remember. Facsimile machines. Workstations for the creation of the new electronic document. And, most recently, scanners and electronic filing systems that move documents back and forth between the world of electronics and the world of paper. As a result of these innovations, Rank Xerox is at the head of the class in document processing.

What does this mean for your world and the productivity you strive for?

Today's businesses are judged by the documents they turn out. And it's not just how good they look, but how effective and

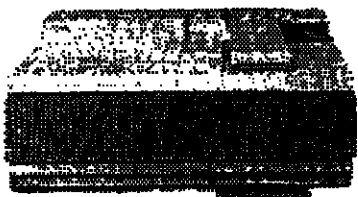
persuasive they are in communicating their content that determines whether a business lives or dies. Rank Xerox leadership in document processing can give your business a potent competitive advantage by making your documents great looking, easier to produce, and more compelling than ever before.

Document processing from Rank Xerox. It is our heritage, our day-to-day business, and our role as a leader in office productivity. For more information about document processing and what it can do for you, write or phone your local Rank Xerox office. Whether it's printed on paper, seen on a screen, a perfect copy, or a brilliant original—what you see is what we do.

**Team Xerox. We document the world.**



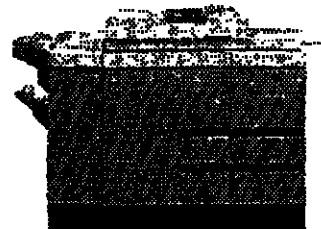
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## **We print.**

Xerox Diablo D25  
Daisywheel Printer  
Xerox Diablo 630 ECS  
Daisywheel Printer  
Xerox Diablo 635  
Daisywheel Printer  
Xerox Diablo D80/D80IF  
Daisywheel Printer  
Xerox 4020  
Color Ink-Jet Printer  
Xerox Diablo 34LQ  
Dot Matrix Printer  
Xerox 4045 Laser Printer  
Xerox 4046 Laser Printer

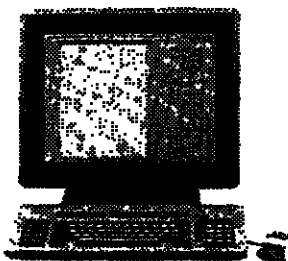
Xerox 2700 II Laser Printer  
Xerox 3700  
Laser Printing System  
Xerox 4050  
Laser Printing System  
Xerox 4060  
Electronic Printing System  
Xerox 8700  
Laser Printing System  
Xerox 9700  
Laser Printing System  
Xerox 9790  
Laser Printing System



## **We copy.**

Xerox 1012 Copier  
Xerox 1025 Copier  
Xerox 1038 Copier  
Xerox 1040 Copier  
Xerox 1045 Copier  
Xerox 1048 Copier  
Xerox 1050 Copier  
Xerox 1065 Copier  
Xerox 1075 Copier  
Xerox 1090 Copier  
Xerox 9500 Duplicator  
Xerox 9600 Duplicator

Xerox 2510  
Engineering Copier  
Xerox 1005 Color Copier  
Xerox 2080  
Engineering Printer  
Xerox 3080 Copier Printer  
Xerox 7080  
Engineering Printing System  
Xerox 980 Microfilm Printer  
Xerox 990 Viewer Printer



## **We create.**

Xerox 6085  
Professional Computer  
Xerox 1186 Artificial  
Intelligence Workstation



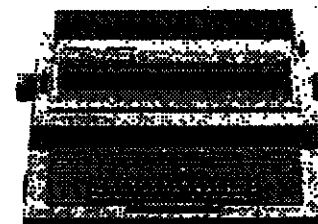
## **We transmit.**

Xerox Telecopier 7010  
Facsimile Terminal  
Xerox Telecopier 7020  
Facsimile Terminal  
Xerox Telecopier 7021  
Facsimile Terminal  
Xerox Telecopier 495-I  
Facsimile Terminal



## **We communicate.**

Xerox Communications 20  
Network  
Xerox Communications 80  
Network  
XNS for DEC's  
VAX Systems



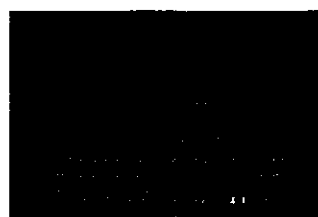
## **We type.**

Xerox 575 Typewriter  
Xerox 6010 Memorywriter  
Xerox 6015 Memorywriter  
Xerox 6020 Memorywriter  
Xerox 630 Memorywriter  
Xerox 645 Memorywriter  
Xerox 645E Memorywriter



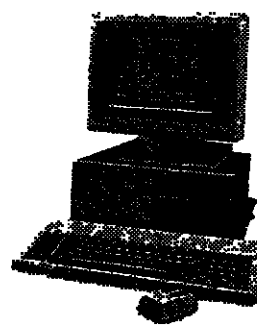
## **We mail.**

Cheshire 595 and 596  
Cheshire 765  
Folder/Inserters  
Cheshire 742  
List Management System  
Cheshire 750 II Binder  
Cheshire Addressers  
Cheshire 762 Labeler



## **We scan.**

Kurzweil 4000 Intelligent  
Scanning System  
Kurzweil Discover 7320  
Intelligent Scanning System  
Xerox FaxMaster Software



## **We publish.**

Xerox Desktop Publishing  
Systems  
Xerox Documenter System  
Xerox Publishing  
Illustrator's Workstation  
Xerox 701 Publishing System  
Xerox Ventura  
Publishing Software

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Not all machines and systems available in all countries.